focus

Workers' Compensation Board of BC
1999 Annual Report

WORKERS' COMPENSATION BOARD OF BRITISH COLUMBIA

M121

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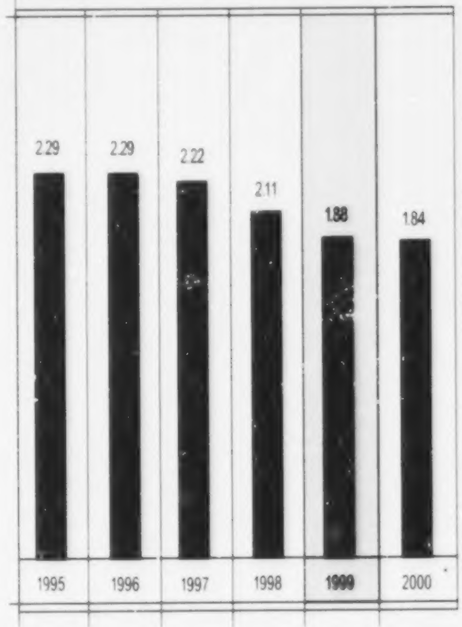
Financial Summary

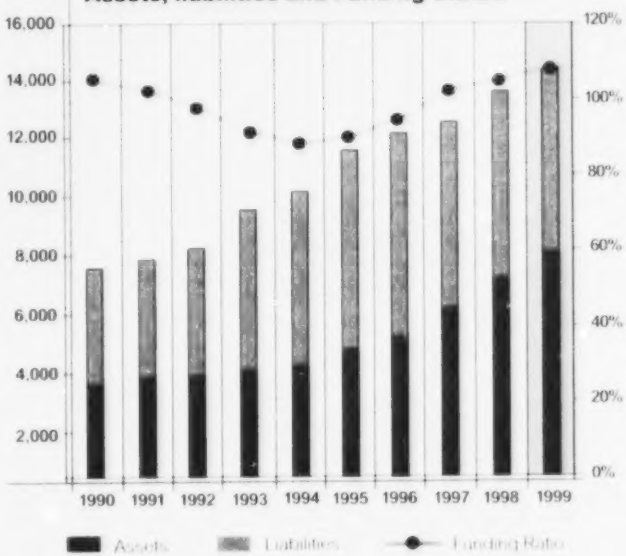
Key Financial Comparatives

($ millions)	1999	1998
Premium income	$875	$917
Investment income	$858	$702
Claims cost	$1,267	$1,104
Operating and prevention costs	$232	$228
Surplus from operations	$235	$287
Total assets	$7,646	$7,046
Total liabilities	$7,010	$6,645
Investment return of portfolio	12.6%	11.3%
Percent funded (ratio of assets to liabilities)	109%	106%

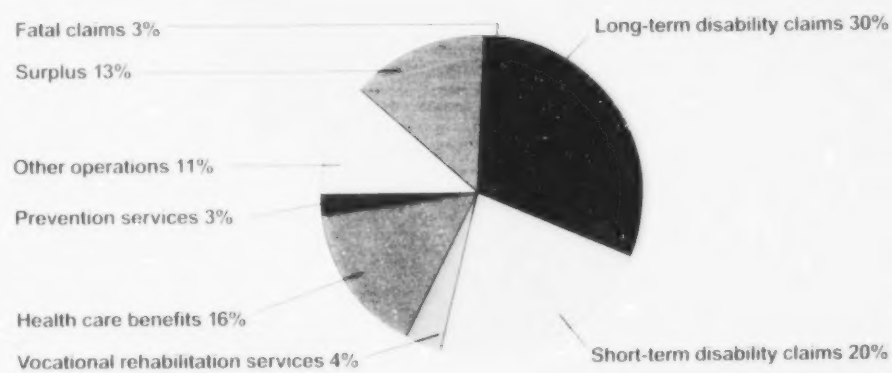
Average premium rate (per $100 of rateable payroll)



Assets, liabilities and Funding Status



Allocation of Income



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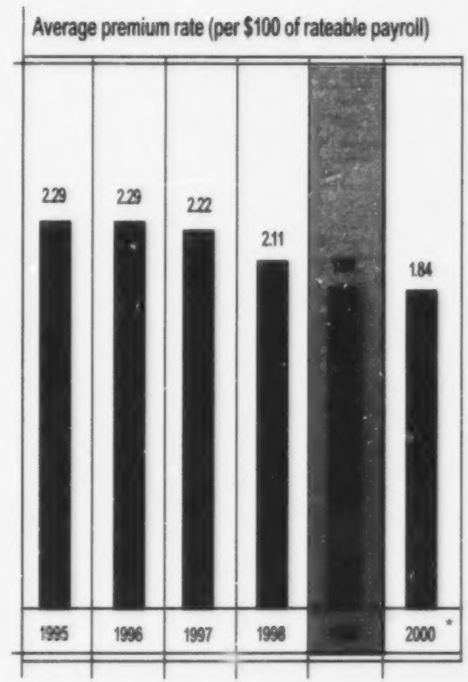

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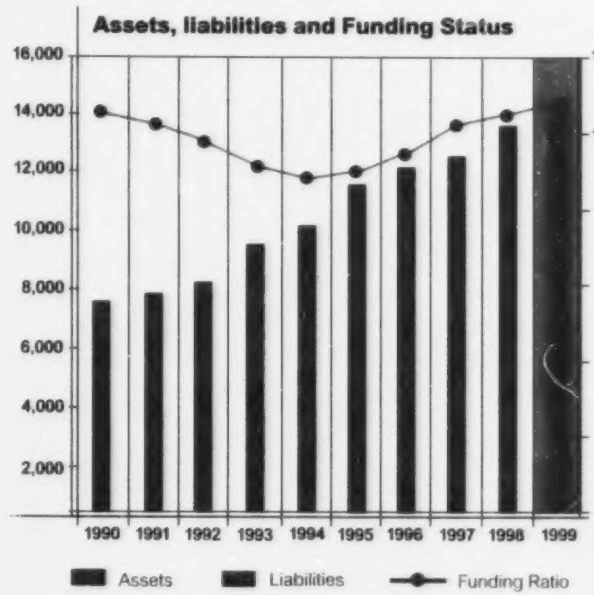

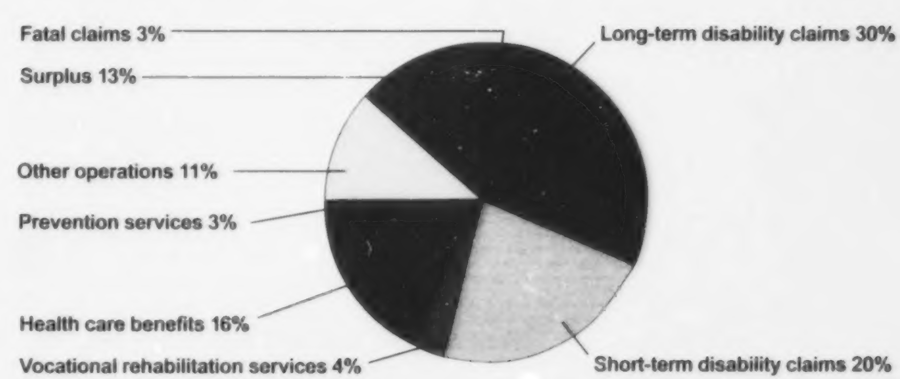

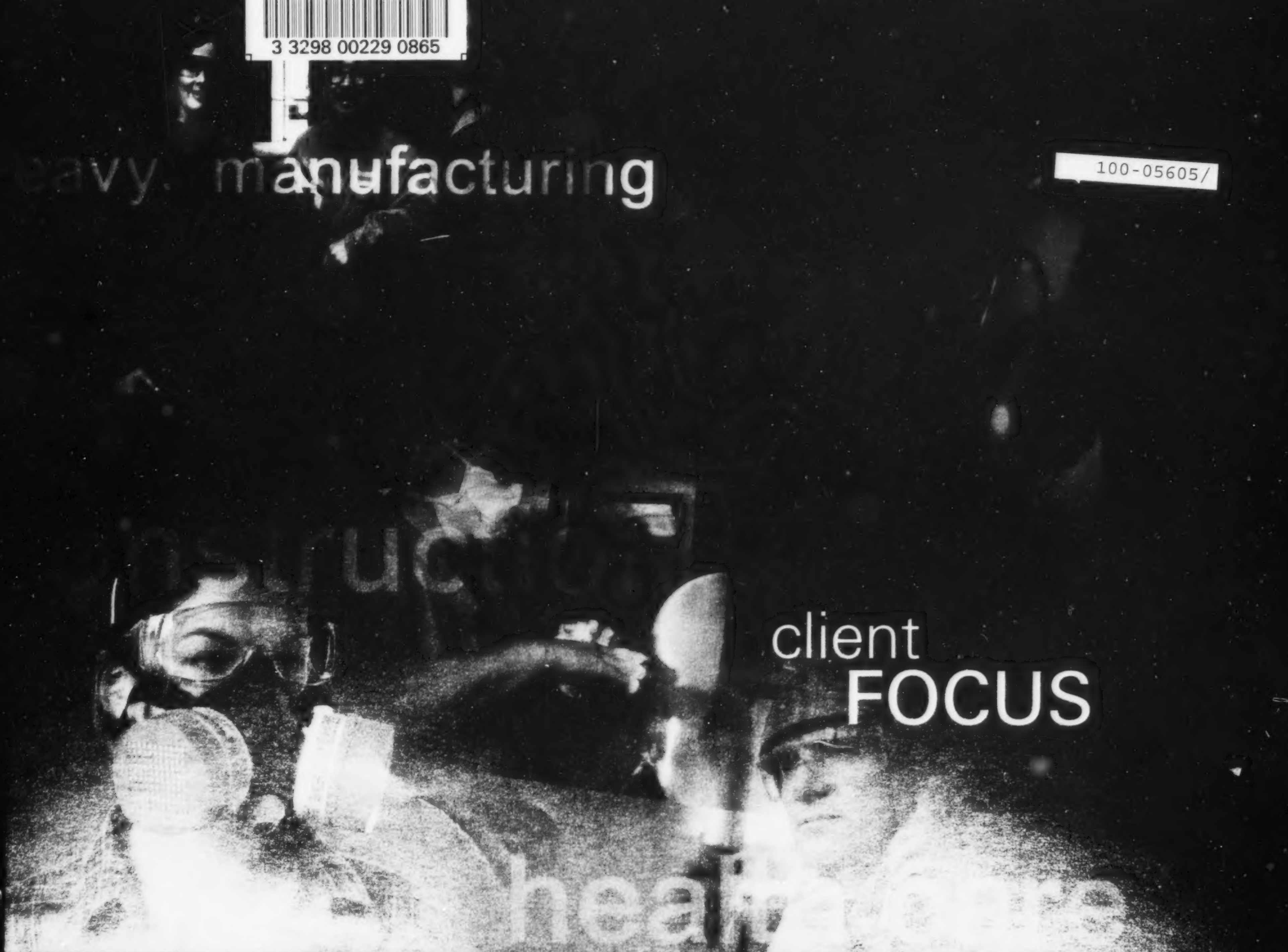
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Message from the Chair and President

Mindful of our fundamental vision of making workers and workplaces safe and secure from injury and disease, the Workers' Compensation Board is positioned to improve on the significant changes and initiatives undertaken in the past decade.

The WCB is a different organization from the WCB of just 10 years ago. We began the 1990s without a Policy and Regulation Development Bureau to prepare well-researched policy and regulation proposals; without an Appeal Division to provide checks and balances; and without an internal Ombudsman Office to monitor the system for fair decisions and practices.

During the1990s, workers' compensation coverage was extended to virtually every B.C. employer. Together with employers and workers, we updated the province's 22-year-old health and safety regulations using the most comprehensive public consultation process on workplace health and safety ever conducted in North America. While the workers' compensation system became the subject of a Royal Commission, we continued working to prevent occupational injuries and disease, restructuring services, updating systems, and improving the WCB's financial position. And we began meaningful dialogue with our stakeholders.

A decade of change has produced a more responsive and open WCB. Our vision of making workers and workplaces safe and secure from injury and disease is shared with workers and employers. The improvements achieved in 1999, including the following, support our vision:

- **Declining injury rate** — At 4.1 accepted short-term disability claims per 100 person-years, B.C.'s injury rate has declined since 1994 to a record low, dropping about 21 percent. This decline translates into 25,000 fewer people seriously injured and $300 million in claim costs avoided in 1999.
- **Operating surplus and declining premium rates** — In an operating deficiency at the beginning of the decade, the WCB closed 1999 with an operating surplus of $235 million. Premium rates have reduced for the majority of employers for four consecutive years; the average rate will be $1.84 per $100 of assessable payroll in 2000.
- **Improved service for injured workers** — A restructured service process and the introduction of E-File have improved the quality and timeliness of service for the majority of injured workers. In 1999 the average time for making entitlement decisions declined to 20 days.
- **Efficient, service-oriented information systems** — The WCB entered the 1990s with 1970s technology. Migrating from a mainframe system to a distributed computer environment has placed our staff within reach of the information they need to do their work well and efficiently. We now accomplish many tasks electronically and are preparing to launch e-commerce services in 2000.

Early candidates for Internet e-commerce pilot projects are employer registration and clearance. These services will be followed closely by online accident and injury reporting as well as medical practitioner reports. In due course, we intend to provide self-service functions to injured workers and employers, which will streamline service, lower costs, and improve accessibility.

In 1999, we maintained our focus on improving the service we provide to B.C.'s workers and employers. The Panel of Administrators, which ensures policy decisions are made in the best interests of the WCB and its mandate, reviewed and made decisions on more than 27 policies in 1999. Some of the key policy decisions related to:

- the new employer classification and rate-making systems;
- a policy to supplement the *Workers Compensation Amendment Act*, which took effect October 1, 1999, and introduces, among other things, new health and safety requirements; and
- the updating of Schedule B of the *Workers Compensation Act* for occupational diseases.

One important policy of 1999 sets out criteria for establishing joint employer and worker health and safety organizations, and the method by which they will be approved and funded by the WCB. We believe that the stakeholder commitment and leadership these organizations embody are essential to effective injury and disease prevention and return-to-work initiatives.

Significant progress was made developing and implementing new initiatives including the new classification and rate-making systems, and strategies to deal with the reduction of musculoskeletal injuries, the quality of adjudication, and the reduction of claim duration.

Early in the year, we saw a disturbing rise in the average claim duration. However, by the end of the year, a renewed focus reduced it. A sluggish economy, an aging population — and the reengineering of systems and work processes — contributed to the problem. But we also know we need to identify complex claims earlier to ensure we focus our service on the unique issues of these injured workers. We expect the work begun on this issue in 1999 will result in further reductions to the average claim duration in 2000.

The Panel met with representatives of the major stakeholders during 1999. The WCB administration's consultation included meetings with diverse organizations. We view these meetings as forums to build mutual understanding. They provide our stakeholders an opportunity to communicate their concerns and provide input on policy and practice, while allowing us to inform and explain the legislative framework within which we work.

Our plans for 2000 include addressing key areas of concern, such as the high number of musculoskeletal injuries — 40 percent of all injuries sustained by B.C. workers every year — and timely and appropriate return to work for injured workers. We'll continue to monitor emerging stakeholder needs, as we continue to evaluate and consult on proposed policy and practice changes arising out of the 1999 Royal Commission findings.

But ultimately, 2000 will be a year of stability, when we slow the pace of change and our investment in new technology. After consecutive years of substantial, fundamental change, the time has come to consolidate and fully realize the benefits of these changes. We remain steadfast in assuring compliance with the governing legislation. And, we will monitor the effectiveness and efficiencies of our new programs and systems and, where needed, refine and modify these initiatives.

The Board has accomplished much in the past year and none of our milestones could have been achieved without the contribution of our professional and dedicated employees. We thank them for their continued efforts and service for the workers and employers of British Columbia.

Don Cott
Chair, Panel of Administrators

Ralph McGinn
President and Chief Executive Officer

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The future in focus

Whether it's implementing new health and safety standards to prevent future injuries, setting aside sufficient funds to cover the cost of latent occupational diseases, or ensuring our systems operate efficiently, the WCB needs to manage the present in order to plan for the future. By fulfilling our mandate and responsibilities to B.C. workers and employers, the decisions we make today are important to their future — and ours.

Changing times

Our commitment to the WCB values — client-focused service, respectful and supportive people, ethical and prudent business practices, and future-oriented development — has created immense change.

Significant service restructuring and business process changes, most notably in the Compensation Services and Assessments areas, characterized 1999. The year marked the rebuilding of services and systems that will enable the WCB to achieve key strategic goals in the coming years. To bring our staff and clients closer and provide more timely, direct service, Lower Mainland Compensation Services offices were moved from the WCB's Richmond head office into the communities they serve.

The tools we work with have also changed. The WCB entered the last decade working in a paper-dominated world, where timely decision-making and responsiveness was difficult. Through technology and Internet e-commerce, we're developing solutions to outdated processes that will speed service, provide 24-hour access, and share information with our clients and stakeholders.

Practising health and safety inside and out

As an employer, we are responsible for providing our staff with a safe and healthy workplace. And as the WCB, we are also committed to setting high standards for workplace health and safety.

In support of these goals, the WCB Safety, Health and Security Department began a Safety Program Review in 1999 across the organization. The review is to determine WCB's level of compliance with the *Occupational Health and Safety Regulation*, as well as the effectiveness of our health and safety program. The review will be completed early in 2000, and the results will indicate how we can improve our workplace best practices.

Into 2000, we will continue to expand our health and safety program and comply with the new requirements set out by the *Workers Compensation Amendment Act* that took effect October 1, 1999. This includes a training requirement for joint health and safety committee members. Members of our joint committees will receive training in core issues such as how to use the *Regulation*, safety inspections, and accident investigations and reports. A new orientation and training package for managers concerning their safety responsibilities under the *Regulation* will complement the training provided to our joint committees.

Our continuing efforts to update and improve our health and safety program will ensure WCB employees' health and safety needs are met.

Protecting workers

More than 1.8 million workers and 165,000 employers in B.C. rely on the WCB *Occupational Health and Safety Regulation* to set basic standards for safe, healthy workplaces today and into the future. The WCB, in turn, relies on the knowledge of the medical and scientific communities, and seeks extensive stakeholder input and consultation to create these standards.

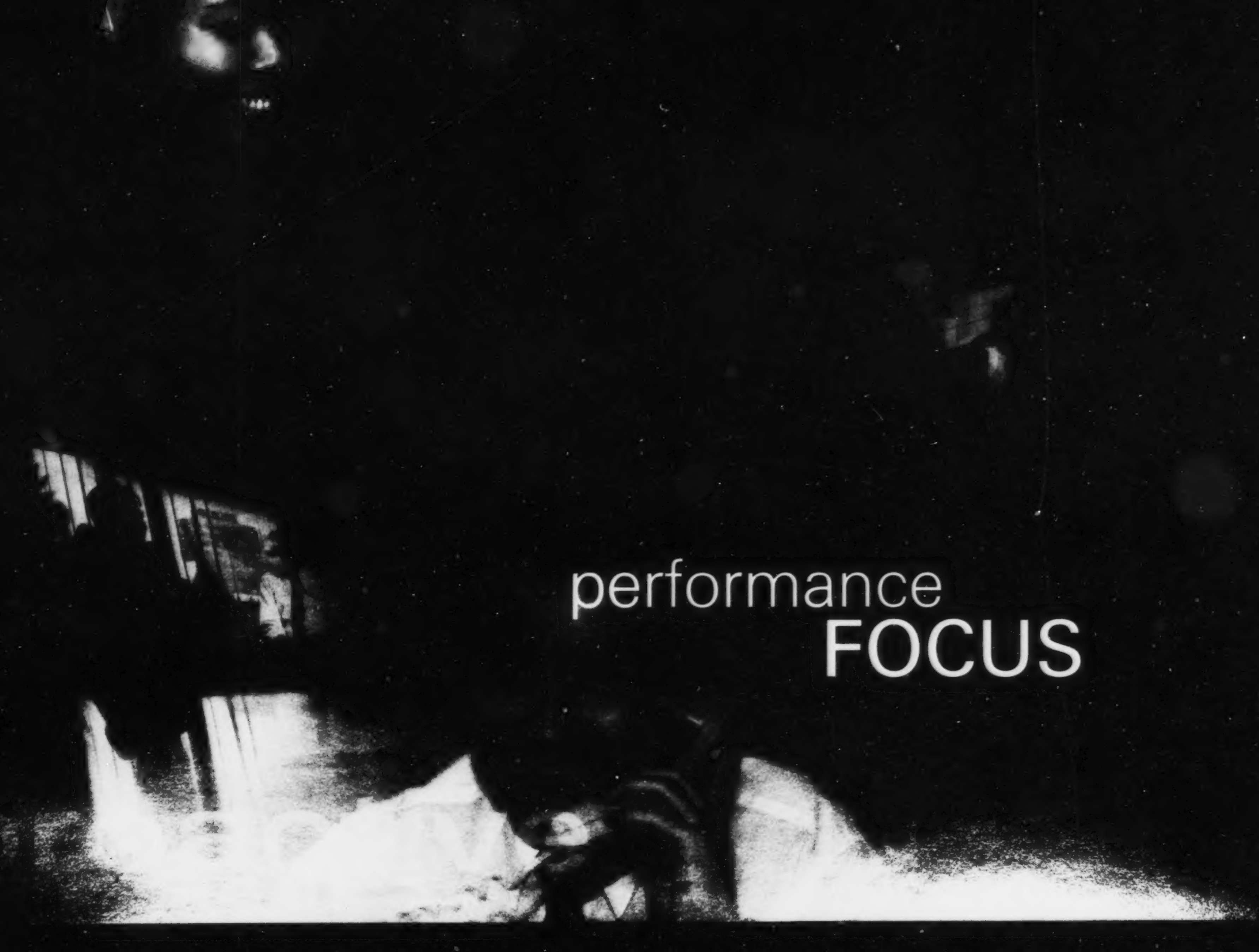
Taking time to consult and communicate

The importance we place on regular consultation and communication with employers and workers is evident by the growing time and effort spent on these activities. Since 1993, the WCB's senior executive has toured the province regularly to update the worker and employer commmunities on our progress against objectives, to answer questions, and to listen to issues. For those who cannot attend these information sessions and want to stay up-to-date with the latest WCB developments, all Panel decisions are now available on the WorkSafe Online web site at www.worksafebc.com.

All major initiatives have a consultation process. From developing new health and safety standards to revamping the employer classification system, employer and worker input is sought from a range of regions and industries to ensure proposed initiatives are appropriate. To that end, we established a Practice Consultation Forum of employer and worker representatives. This forum, similar to the policy forum already at work, provides the WCB important feedback on proposals for new or amended practices.

Outreach activities have taken us beyond the workplace, too. As part of our efforts to reduce the injury rate among young workers — B.C.'s most vulnerable group of workers — we provided in-service training to 2,174 teachers and made the Student WorkSafe Program available to students from kindergarten to grade 12. Our goal is to raise future workers' awareness of workplace health and safety practices before they take their first job. What our young people learn today can save them unnecessary pain and suffering tomorrow.

The WCB is a more open, progressive, and responsive organization better able to serve its stakeholders — the workers and employers of British Columbia. Take a close look at the WCB of today and you'll see a snapshot of the WCB of tomorrow.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Operational Performance

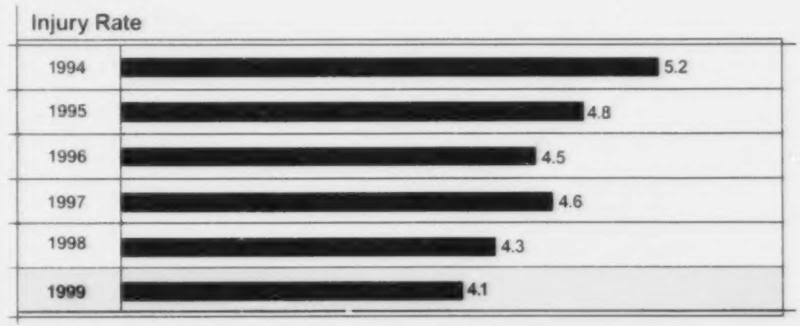
Prevention

Preventing workplace injuries and disease makes good business sense, and in 1999, business improved. Together with our worker and employer stakeholders, we decreased the province's injury rate from 4.3 accepted short-term disability claims per 100 person-years to 4.1, exceeding our goal for the year. As a result, thousands of workers and their families were saved from unnecessary pain and suffering. The system also avoided millions of dollars in expense: each one-percent reduction in the injury rate equals $12 million in direct cost avoidance.

The injury rate's continuing decline since 1990 represents something beyond injuries and cost savings. The decline also indicates that attitudes are changing, awareness of the importance of workplace safety is rising, and tolerance for workplace accidents is waning. That is the reason we continue to conduct awareness-building campaigns and distribute publications that are in demand by our stakeholders, such as *Lost Lives*, a report on work-related deaths and how to prevent them.

When it comes to youth, it is never too soon to raise their awareness of safe work practices. In 1999, the young worker injury rate dropped slightly from 4.5 to 4.4, continuing a decline begun five years ago. Regrettably, young workers aged 15 to 24 still get hurt on the job at a high rate. The situation is particularly alarming for young males, who are 70 percent more likely to be injured than other workers.

To reduce these numbers, our 1999 young worker campaign focused on the importance of safety training and orientation. We produced a variety of materials for use at work, school, or home, and assisted employers with their orientation programs. We also surpassed our goal of bringing kindergarten to grade 12 our WorkSafe School curricula. Teachers expressed such enthusiasm and support that by year-end more than 2,000 educators had been in-serviced across the province. Next year, we aim to have an additional 3,000 teachers trained to educate students about workplace health and safety.



Targeting high-risk firms and industries

Prevention's focus firm strategy ensures we target our activities to firms with the highest injury rates and risks relative to other firms in the same industry. We invite the CEO or president of these firms to work with us to establish best safety practices. Once the employer signs an agreement to work with the WCB, we assess the firm's occupational health and safety program, advise on the changes required, and evaluate the firm's progress. The strategy is working: the claims paid for the 360 focus firms we worked with in 1999 dropped 11 percent. We are building on this success by targeting more firms, especially those with a high number of young workers or musculoskeletal injuries.

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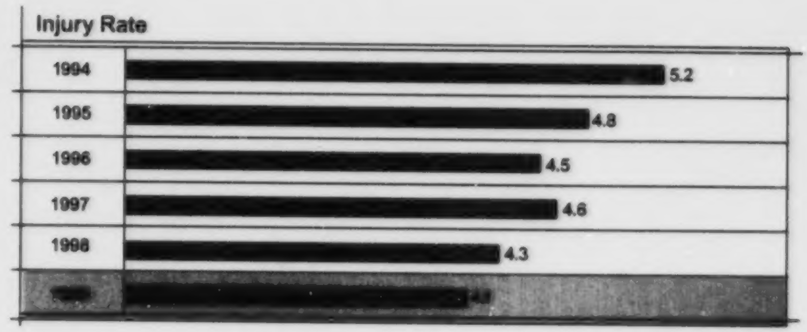

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Two high-risk industries, however, experienced significantly more injuries in 1999. The forest products manufacturing industry and, most notably, the

health care industry saw their injury rates rise. To address this troubling situation, we took several courses of action, including distributing information on how to prevent injuries most common in these two high-risk industries, improving our targeting procedures, enhancing firm monitoring and status reporting, and publishing a best practices guide for focus firms.

But, reducing an industry's injury rate ultimately depends on the commitment and leadership of its stakeholders, which is why we support the creation of joint employer and worker health and safety agencies. The formation of FARSHA (Farm and Ranch Safety and Health Association), IMIRP (Industrial Musculoskeletal Injury Reduction Program), and SHAPE (Safety and Health in Arts Production and Entertainment Association) in the 1990s represents the future of preventing workplace accidents in B.C.

In 1999, the Occupational Health and Safety Association for Health Care, OHSAH, was formed to tackle health care's persistently high number of injuries. The Prevention division worked closely with OHSAH on several projects. We also supported, together with the University of British Columbia and the University of Manitoba, OHSAH's application to the Canadian Institute of Health Research to establish a research program in B.C. This program would provide high-quality research on workplace health and safety and ensure better research results and solutions.

During the year, we sought stakeholder input on how the WCB should fund future industry health and safety associations. We used the feedback to develop principles and criteria for approving, funding, and monitoring these associations. The Panel of Administrators approved the proposal in December 1999. This will ensure that employers and workers — those best positioned to prevent injuries and disease — will have the opportunity and resources to make a positive difference in workplace health and safety.

Education Partners

	# courses	# participants	# participants hours
WorkSafe Courses*	164	1975	13917
Student WorkSafe**	145	2174	5435

*Courses delivered by Education Network (Colleges)
**Numbers relate to teachers trained the teach the Student WorkSafe 10-12 curriculum

Developing solutions for everyday problems

While the number of traumatic injuries has reduced in recent years, musculoskeletal injuries continue to hurt too many workers. Almost one-third of all claims involves a strain or musculoskeletal injury. In 1999, we developed a strategy to work more closely with focus firms, especially those in health care, to implement ergonomic solutions. A senior ergonomist has been appointed as part of the team to implement this strategy in 2000.

Work progressed in developing a Severity Index, a tool that will help us determine those industries or firms with the severest injuries, not just the most injuries. Testing in 1999 led to further refinements, and a second round of tests will be conducted in 2000. Once complete, the Severity Index will enable us to target those firms and industries with the most severe injuries for education and enforcement activities, and set specific injury reduction targets.

At the Panel of Administrators' request, the WCB began work to develop an incentive program to encourage employers to place more emphasis on injury reduction. The program's objective is to test the concept of providing additional incentives for employers above and beyond their experience-rated premium discount for achieving specific injury reduction goals within a year's time frame. The first pilots will be developed in the coming year.

We have accomplished a great deal in the past year and over the decade; many workers and their loved ones have been spared the pain and suffering that comes with serious injury or a workplace fatality. But more work lies ahead, and we ask our partners — the employers and workers of B.C. — to rise to the challenge of driving down the province's injury rate even further.

Rehabilitation and Compensation Services

Injured workers know first-hand the pain and financial strain caused by a workplace accident or occupational disease. They depend on us to provide timely, respectful service, and rehabilitation and compensation to help them return to productive lives. In 1999, the WCB received more than 700 new claims every working day, and we served the large majority of these claims well. We made entitlement decisions in an average of 20 days, which is one day earlier than in the previous year.

Finding new and innovative ways to use technology supports many of our service initiatives. After a pilot study involving 200 injured workers proved its effectiveness, we introduced the Client Benefit Card in 1999. With this card, long-term injured workers can now fill their prescriptions without spending their own money. Previously, these clients had to pay for their prescriptions, submit their receipts to the WCB, and wait for reimbursement — a process that could take several weeks. The Client Benefit Card, which performs all prescription validation and payments electronically, eliminates the payment wait for many injured workers and pharmacists. As our implementation continues, most long-term injured claimants and some short-term claimants will receive cards. The WCB benefits too; we expect to save $3 million in operating costs over the next five years.

We are providing the type of service most injured workers need and have come to expect; however, more work is required to address those injured workers with complex and long-term claims. In 1999, as in the previous year, we saw a rise in the average claim duration, which peaked at 59 days in March and averaged 52 days for the year. The causes for this rise are numerous. Both 1998 and 1999 saw rapid operational change, with the restructuring of the entire claims process, adopting E-File technology, and introducing new treatment protocols, and an external rehabilitation provider network. We needed to change our operations to improve service, but implementing new initiatives has been challenging. A slow economy, aging work force, increasing proportion of severe injuries, and difficulty in accessing medical treatment exacerbated the underlying economic and demographic contributors to claim duration.

Answering the duration challenge

We addressed the issue of long-term claims in 1999 by continuing initiatives and starting new ones. We decentralized the remaining Lower Mainland units based at our Richmond head office to new offices in Abbotsford, Burnaby, Coquitlam, and Surrey, and conducted more work site visits to coordinate and implement return-to-work plans. We expanded a new team-based service model designed to provide early intervention and return-to-work assistance to injured workers with complex and possibly long-term claims. The case management pilot project expanded sites to the Richmond and Kelowna units. These pilot sites are helping us evaluate the effectiveness of the case management service model.

During 1999, Compensation and Rehabilitation Services entered an analysis and planning phase, examining the rising claim duration, and developing and implementing solutions that will reduce duration to 50 days from 52. We plan to accomplish this by focusing on four key areas: voca-

tional rehabilitation, physical rehabilitation, quality of adjudication, and merging paper and electronic claim files.

A shortage of vocational rehabilitation consultants to produce and coordinate return-to-work plans also contributed to the rise in claim duration during the year. In 1999, we rebuilt our vocational rehabilitation staff capacity to 1998 levels. In 2000, the department will work with a new clinical supervision model to monitor plans and ensure disciplines are both cost-effective and timely.

The WCB Rehabilitation Centre and external provider network of rehabilitation programs served approximately 12,000 injured workers in 1999. Our network of external providers has improved treatment accessibility for injured workers, approximately half of whom live outside the Lower Mainland. Today, most injured workers receive the treatment they need, more quickly, in their own communities.

However, the recent rise in claim duration also points to other issues requiring attention. In 1999, we re-examined how the rehabilitation programs fit with our claim process to ensure the injured worker enters the right program at the right time. Where required, we will improve program selection criteria, intake procedures, communication between adjudication and rehabilitation staff, and services to assist injured workers make the transition from one rehabilitation program to work or to another program.

Return-to-work rates, although one measurement of success, cannot provide the full picture. Regular measurement of our service quality also provides information we need to improve our operations and fulfill our responsibilities to workers and employers. That is why we continue to survey injured workers, employers, and health care practitioners on their service satisfaction.

Raising the quality of our adjudication services will mean better service for our stakeholders. To that end, a Quality Adjudication Program to improve the quality and consistency of adjudication decisions was established, and a senior manager and three regional managers appointed to oversee the program's development and delivery. In 2000, a senior adjudication specialist will be appointed to the compensation office to provide training, advice, and related quality assurance services.

Finance and Information Services

More than 30 years since it was last changed, the WCB's employer classification system — the same system that grouped bungee-jumping businesses with art restoration companies — clearly needed an overhaul. B.C.'s marketplace had changed significantly over the years, but our employer classification system hadn't kept up. Many employers were misclassified, resulting in some paying too little and others paying too much in premiums. In 1999, following three years of consultation with employer and worker representatives, we improved this system by reclassifying and assigning new rates to the 165,000 businesses registered with the WCB.

The new classification structure provides employer equity. Costs are now distributed fairly across the industry groups, and employers are grouped with others who produce similar products, provide similar services, and share similar claim costs. The structure comprises seven broad sectors, 24 subsectors, and 608 classification units that reflect today's business markets, and it ensures that industries with low claim costs will not subsidize those with high claim costs.

The majority of employers will have the same or lower base premium rate in 2000 as they did in 1999. The average base premium rate will decrease for the fourth consecutive year from $1.88 to $1.84 per $100 of assessable payroll in 2000.

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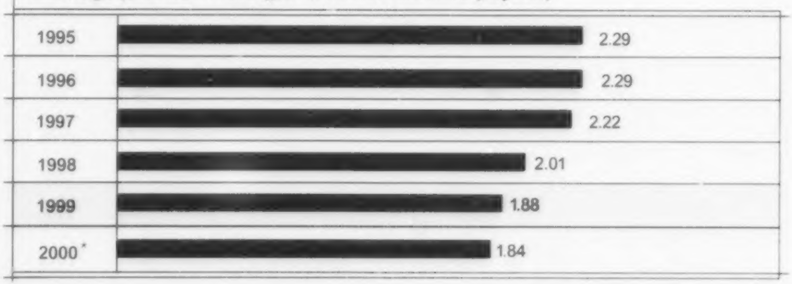
The WCB experience-rating plan was also due for change. Through 1999 we refined the system to provide employers greater incentive to improve their workplace safety and return-to-work activities. The experience rating system adjusts the base premium rate of each business according to how its injury cost experience compares to that of other firms in the same industry rate group. Lower costs earn premium discounts while higher costs earn surcharges. As indicated on page 9, an incentive program is being developed at the request of the Panel of Administrators to encourage further emphasis on injury reduction.

Average premium rate (per $100 of rateable payroll)



*(*Estimated)*

The new system will address the severe rate swings small employers have been vulnerable to and will provide them with enhanced discounts and surcharges. In 2000, employers will be able to start earning discounts that could rise as high as 50 percent or surcharges that could peak at 100 percent. Given that most businesses perform well, we expect that the majority of employers will benefit from these changes and save more on their premiums for years to come.

Minimizing risks, maximizing opportunities

In order to maintain equitable premium rates and provide fair compensation to injured workers, the WCB must minimize its financial risks. Since 1998, we have conducted an analysis of the factors that drive our underwriting results, examining underfunded industries, and cost drivers such as claim duration. These studies provide us valuable information on claim trends and costs, and how we can reduce those costs. We share our findings with industry groups through the distribution of Risk Alerts and other publications.

In 1999, a claim duration study produced a computerized tool to identify high-risk, high-cost claims. Only a small minority of short-term disability claims is at risk for becoming long-term disability claims; however, these few claims represent almost two-thirds of the WCB's total claim costs. This information will assist in planning and better management of claim duration, thereby ensuring that claim costs are reasonably monitored.

Equipping our staff for service and speed

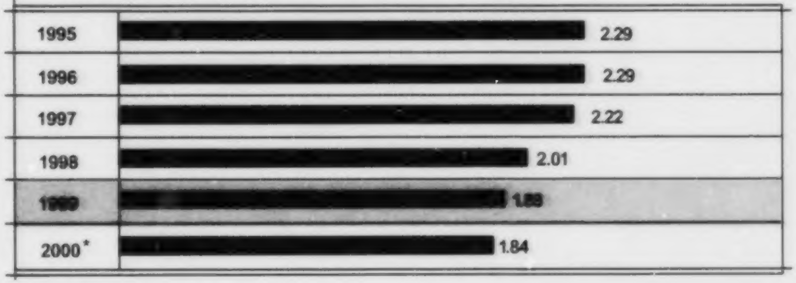
New information technology has supported all the WCB's service restructuring initiatives in recent years. Thanks to new data-mining tools, we have more information about our business than we ever had before, and we are discovering previously unknown trends and cost reduction opportunities.

Now that the WCB's technological infrastructure is stabilized, we are venturing into the world of e-commerce with the future launch of two Internet-based information exchange systems: EmployerConnect and MediConnect. Substantial stakeholder input went into the development of these tools.

EmployerConnect will simplify employers' reporting responsibilities, allowing them to report injuries and accident investigations electronically through the

The WCB experience-rating plan was also due for change. Through 1999 we refined the system to provide employers greater incentive to improve their workplace safety and return-to-work activities. The experience rating system adjusts the base premium rate of each business according to how its injury cost experience compares to that of other firms in the same industry rate group. Lower costs earn premium discounts while higher costs earn surcharges. As indicated on page 9, an incentive program is being developed at the request of the Panel of Administrators to encourage further emphasis on injury reduction.

Average premium rate (per $100 of rateable payroll)



(*Estimated)

The new system will address the severe rate swings small employers have been vulnerable to and will provide them with enhanced discounts and surcharges. In 2000, employers will be able to start earning discounts that could rise as high as 50 percent or surcharges that could peak at 100 percent. Given that most businesses perform well, we expect that the majority of employers will benefit from these changes and save more on their premiums for years to come.

Minimizing risks, maximizing opportunities

In order to maintain equitable premium rates and provide fair compensation to injured workers, the WCB must minimize its financial risks. Since 1998, we have conducted an analysis of the factors that drive our underwriting results, examining underfunded industries, and cost drivers such as claim duration. These studies provide us valuable information on claim trends and costs, and how we can reduce those costs. We share our findings with industry groups through the distribution of Risk Alerts and other publications.

In 1999, a claim duration study produced a computerized tool to identify high-risk, high-cost claims. Only a small minority of short-term disability claims is at risk for becoming long-term disability claims; however, these few claims represent almost two-thirds of the WCB's total claim costs. This information will assist in planning and better management of claim duration, thereby ensuring that claim costs are reasonably monitored.

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EmployerConnect will simplify employers' reporting responsibilities, allowing them to report injuries and accident investigations electronically through the

WCB's web site. They will also be able to access information that they can use to monitor and improve their companies' claim and health-and-safety experience. Meanwhile, health care providers will be able to submit their medical reports via MediConnect, which will eventually link medical forms with the appropriate electronic claim file.

In addition to automating our work, both EmployerConnect and MediConnect will speed our receipt of critical information on the nature, causes, and contributing factors to injuries. These new information systems will help us target our operations for maximum effectiveness.

Also in 2000, employers will be able to register their businesses and obtain clearance letters online. These services will be the first of their kind among North American workers' compensation boards — and just in time too. A November 1999 survey of 500 B.C. employers revealed that 84 percent of them would have access to the Internet within a year.

Determining cost-efficiency

Great progress has been made in reorganizing our operations and establishing the technological infrastructure to accomplish our jobs, but the question of cost-efficiency remains. So, in 1999, we launched a pilot to determine the best methods for calculating the unit costs and relevancy of certain tasks. Our goal is to develop a system that will allow us to accurately monitor the cost of doing business and pinpoint both the cost drivers and cost-saving opportunities. In 2000, we will refine the methods and convert the pilot into a WCB-wide program, ensuring that we fulfill our mandate in a prudent, cost-efficient manner.

Human Resources

While other WCB divisions focus on operations to improve client services, Human Resources focuses on the WCB management and staff who are charged with making initiatives succeed. Working with managers, Human Resources ensures the WCB has the workforce it needs to accomplish its goals by helping WCB staff adapt to change and attracting new, highly qualified employees when needed.

The WCB's recent pace of change significantly increased Human Resources' activity levels in 1999. More than 1,000 job postings — three times the annual average — were conducted in 1999, as close to half of all WCB staff changed positions during the year.

There was also renewed focus on training in 1999. More than 300 employees participated in a new leadership program that covered topics such as conflict resolution, workplace mediation, and business writing. Staff interested in upgrading their computer software skills can access self-training modules anywhere in the province from the Learning Centre. Consistently booked, the Learning Centre is helping employees adapt to the WCB's new electronic environment. And for employees interested in advancing their careers within the WCB, we conducted six Career Planning seminars in 1999.

We rely on our vision, mission, and values as guiding principles as to the direction of the WCB's strategic direction. But on a more personal level, we also want to have a work environment where individuals understand how they should conduct themselves in business. In 1999, we introduced an ethics program involving training in the WCB's ethics policy and distribution of the WCB *Standards of Conduct*. An ethics intranet site provides further information to employees seeking guidance on avoiding conflict situations.

When internal recruitment does not fill vacancies, we go outside to recruit qualified and motivated people. Job vacancies for vocational rehabilitation consultants required particular attention during 1999. A shortage of vocational rehabilitation consultants within the WCB, among other things, hampered efforts for returning injured workers back to work. Human Resources targeted its recruitment activities on these professionals and by year-end had hired 18 additional Vocational Rehabilitation consultants.

Improving return-to-work services for our staff is important, which is why the Board and the Compensation Employees' Union (CEU) launched a return-to-work pilot in 1998. Fifty-three employees, many of whom had been on long-term disability, have successfully returned to work since the pilot began. In 2000, the pilot transforms into the WCB's official return-to-work program, a voluntary program available to employees off work due to illness or injury. Training and return-to-work efforts both contribute to creating a work environment that encourages employees to reach their potential.

Establishing employment equity also contributes to that goal. During 1999, Human Resources and the WCB's joint union and management Diversity Committee pursued several equity initiatives. Human Resources also worked toward increasing staff's access to benefit information and developing a gender-neutral job evaluation process.

In 2000, we will undertake the second phase of an Employment Systems Review that will examine the WCB's selection and recruitment systems to identify any systemic barriers that adversely affect persons with disabilities, women, visible minorities, or aboriginal peoples. Our current employee profile, when compared to B.C.'s population profile, shows that while women are well represented in our employee population, our numbers fall slightly short for persons with disabilities, visible minorities, and aboriginal peoples.

In 1999, Human Resources extended the 360-degree assessment tool and management performance appraisals to all managers. Measuring attributes or behaviours reflecting the WCB's core values and competencies provides managers feedback from their seniors, peers, and staff. Human Resources also administered a management job evaluation plan and salary administration. The WCB's management compensation, benefit, and expense policies comply with the guidelines and rules of the Crown Corporations' Employers' Association and the Public Sector Employers' Council.

In order to gauge the WCB work climate, annual surveys are conducted with our managers and unionized staff to measure their opinions on a variety of topics. The average score for unionized employees remained relatively flat in 1999, rising slightly from 3.37 in 1998 to 3.39 on a five-point scale. Managers' average score decreased from 3.66 to 3.59 in 1999. We believe these scores reflect the need for stability after consecutive years of substantial, fast-paced change. The surveys also indicate the need for employee recognition, and we have begun a study to learn more about staff's views on this subject and to develop a strategy for action.

Reviewing the year, we're pleased that we fulfilled our responsibilities in the atmosphere of a productive and respectful relationship with the CEU. Looking forward, we will work with our managers and staff on training, performance appraisal, gender- neutral job evaluation, officer accreditation, and many other initiatives to ensure the WCB continues to have the work environment required to serve B.C.'s employers and workers.

Advancing the Strategic Plan

for those WE SERVE

Working together with workers and employers, the injury rate has again been reduced. Yet duration rate for recovery has increased partly due to increasing severity of injuries. More serious injuries and economic factors have influenced the safe return to work of injured workers. Converting from manual to electronic file systems adversely affected the timeliness of payments and service ratings.

Decrease injury rate: Number of short-term disability claims divided by total person-years covered, expressed as per 100 person-years[1]

Actual 1998	Target 1999	Actual 1999	[redacted]
4.3	4.2	4.1	[redacted]

Reduce average duration: Total days per short-term disability claim, including days claimed in years beyond the year of injury

Actual 1998	Target 1999	Actual 1999	[redacted]
48 days	45 days	52 days	[redacted]

Improve return-to-work outcomes for Vocational Rehabilitation clients: Number of return-to-work closures as a percentage of cases with return to work as a planned outcome

Actual 1998	Target 1999	Actual 1999	[redacted]
69%	70%	60%	[redacted]

Improve timeliness of initial claims acceptance: The average number of days from date of injury to first payment for all payees

Actual 1998	Target 1999	Actual 1999	[redacted]
22 days	18 days	20 days	[redacted]

Raise injured workers' rating of service: Based on Angus Reid Surveys of claimants conducted in the calendar year, the average rating (on 10-point scale) of overall service received from the WCB[2]

Actual 1998	Target 1999	Actual 1999	[redacted]
8.1	8.3	7.9	[redacted]

Raise public contribution index: Measured by annual Angus Reid polls

Actual 1998	Target 1999	Actual 1999	[redacted]
68%	70%	68%	[redacted]

[1] Restated to include all industries brought into coverage with Bill 63.

[2] This measure has been adjusted and the results for previous years have been restated to better reflect the service performance in an E-file environment and account for changes in survey methodology.

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Actual 1998	Target 1999	Actual 1999	**Target 2000**
4.3	4.2	4.1	**3.9**

Reduce average duration: Total days per short-term disability claim, including days claimed in years beyond the year of injury

Actual 1998	Target 1999	Actual 1999	**Target 2000**
48 days	45 days	52 days	**50 days**

Improve return-to-work outcomes for Vocational Rehabilitation clients: Number of return-to-work closures as a percentage of cases with return to work as a planned outcome

Actual 1998	Target 1999	Actual 1999	**Target 2000**
69%	70%	60%	**63%**

Improve timeliness of initial claims acceptance: The average number of days from date of injury to first payment for all payees

Actual 1998	Target 1999	Actual 1999	**Target 2000**
22 days	18 days	20 days	**19 days**

Raise injured workers' rating of service: Based on Angus Reid Surveys of claimants conducted in the calendar year, the average rating (on 10-point scale) of overall service received from the WCB[2]

Actual 1998	Target 1999	Actual 1999	**Target 2000**
8.1	8.3	7.9	**8.0**

Raise public contribution index: Measured by annual Angus Reid polls

Actual 1998	Target 1999	Actual 1999	**Target 2000**
68%	70%	68%	**70%**

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in our FINANCES

Solid returns and sound management continue to maintain multi-year target levels. The restructuring of the classification system meant all rate groups start 2000 in a fully funded position. The reduction in the injury rate, together with financial returns, continues to drive down premium rates to reach strategic targets.

Achieve an accident fund balance, including reserves, in the range of 110-115 percent

Actual 1998	Target 1999	Actual 1999	**Target 2000**
106%	109%	109%	**110%**

Attain a 35 percent decrease in aggregate assessment rate

Actual 1998	Target 1999	Actual 1999	**Target 2000**
1999 rate $2.01 per $100 of rateable payroll	2000 rate of $2.00 per $100 of rateable payroll	2000 rate of $1.88 per $100 rateable payroll	**2001 rate of $1.84 or $100 of rateable payroll**

Rate groups between 95-105 percent funded

Actual 1998	Target 1999	Actual 1999	**Target 2000**
31groups> 105% funded 12 groups between 95% and 105% funded 28 groups< 95% funded	28groups> 105% funded 18 groups between 95% and 105% funded 25 groups< 95% funded	All rate groups transition into the new classification system in fully funded postions	**All groups between 95% and 105% funded**

with our STAFF

It takes dedicated people to do a good job serving the public. Staff and managers at the Board consistently rank the WCB work climate in the medium range. In the past few years, rapid change, and heavy workloads in particular have influenced the work climate results in 1999. The next survey in 2001 will probe areas involving the organization's culture, communications, and employee relations as contributors to the success of the Board's strategic goals.

Improve the work climate every year: As measured by management and staff surveys and feedback programs, with an optimum score expressed as 3.8 on a 5.0 point scale*

Actual 1998	Target 1999	Actual 1999	**Target 2000**
Staff: 3.37 Managers: 3.66	Staff: 3.5 Managers: 3.7	Staff: 3.39 Managers: 3.59	**Next survey in 2001**

* Survey data experts suggest a corporate average score of 3.4 is at the upper end of expected results for exceptionally well-performing organizations.

Achieve 90 percent accreditation or internal certification level for professional officer staff: 90 percent of staff in key positions with the required accreditation/certification for their positions

Actual 1998	Target 1999	Actual 1999	**Target 2000**
Key positions identified	Accreditation standards developed and sourced	Research standards developed and sourced	**Complete identification and selection of accredita-tion bodies**

Reflect within our workforce the diversity present in our community: Benchmark measure will be established and a baseline created

Actual 1998	Target 1999	Actual 1999	**Target 2000**
Reviewed WCB demographics and conducted an Employment Systems Review (ESR)	Complete phases 2 and 3 (recruitment and compen-sation) of the ESR	Phase 1 report completed and under study	**Complete Phase 2**

in our FINANCES

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results
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1995
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Management Discussion and Analysis

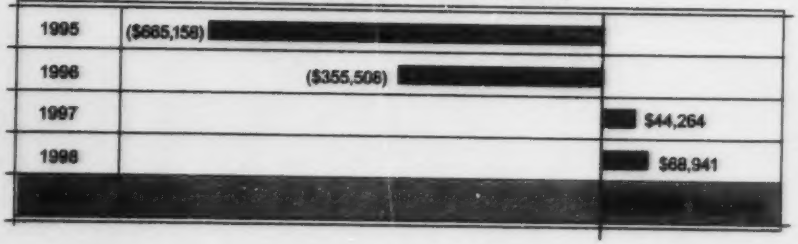
1999 Financial Review

Results of Operations

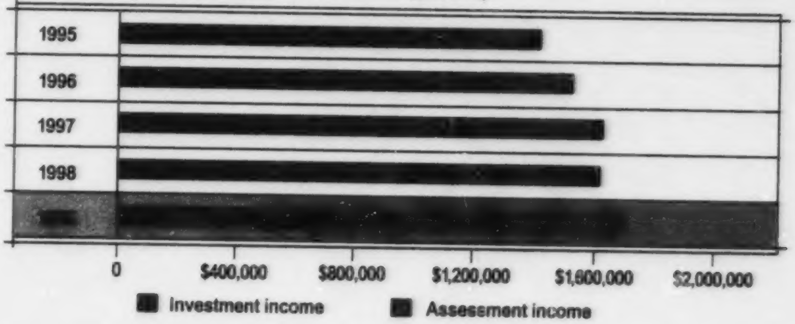
The Workers' Compensation Board recorded an operating surplus of $235 million in 1999, compared with $287 million in 1998. After setting aside reserves of $170 million (1998 - $262 million), the unappropriated surplus has grown to $134 million, compared with $69 million in 1998.

Operating Surplus ($000's)

(Unfunded Liability)/Unappropriated Surplus ($000's)



Investment and Assessment Income ($000's)



Revenues increased to $1,734 million (1998 - $1,619 million). Investment income grew to $858 million, an increase of 22 percent, continuing a five-year trend of strong performance. Premium income declined slightly by 4.6 percent to $875 million (1998 - $917 million), as the average premium rate continued its declining trend. Claim costs, however, increased 14.8 percent to $1,267 million (1998 - $1,104 million). Claim duration initially rose in the year but a renewed focus reduced it.

Claims Costs ($000's)

At year-end 1999, the WCB had an unappropriated surplus of $134 million. In addition, total reserves amounted to $502 million. Revenues plus unappropriated surplus represent a funding level of 109 percent at the end of 1999, compared with 106 percent in 1998.

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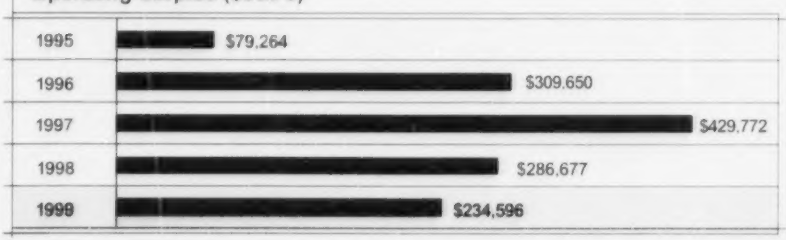
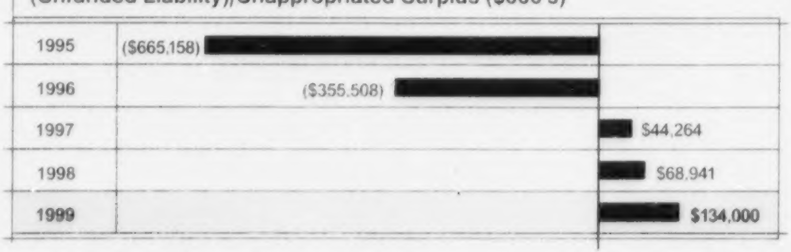


(Unfunded Liability)/Unappropriated Surplus ($000's)



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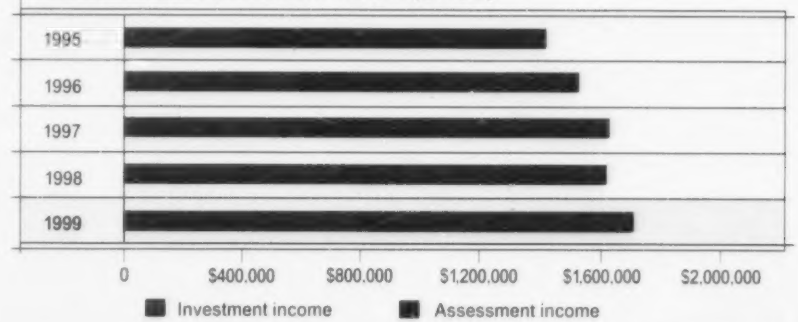

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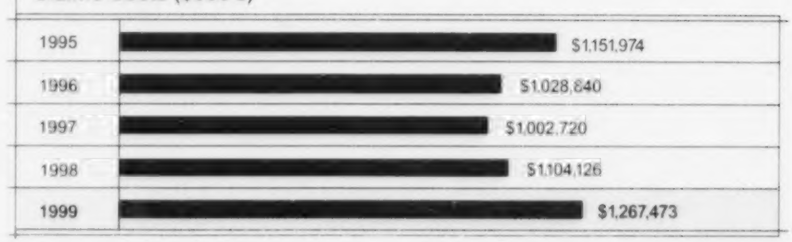

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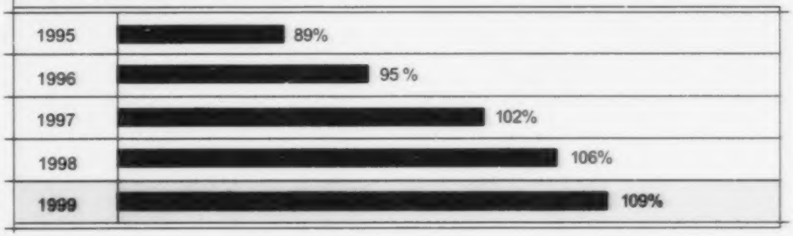
Funding Status - % funded



The key contributing factors to the 1999 operating results:

($ in millions)	1999	1998	Inc(decr)	%
1) Premium revenue deficiency over current year costs	$ (218)	$ (130)	$ (88)	67.7%
2) Investment income in excess of liability requirements	$ 486	$ 440	$ 46	10.5%
3) Lower (higher) actuarial liabilities than previously anticipated	$ (33)	$ (23)	$ (10)	43.5%
Surplus	$ 235	$ 287	$ (52)	(18.1%)

Actuarial factors

The injury costs of 1999 exceeded premium revenues by $218 million, while injury costs from prior years also surpassed actuarial estimates by $33 million. Investment income, however, exceeded actuarial requirements by $486 million.

Operating Expenses

Claim costs totalled $1,267 million in 1999, an increase of $163 million or 14.8 percent more than 1998.

Benefit payments during the year rose $74 million or 9 percent to $894 million as the average duration of payments increased 10.6 percent to 52 days (1998 – 47 days).

Changes in actuarial valuation of benefit liabilities resulted in a charge of $373 million in 1999, an increase of $89 million or 31.3 percent compared to last year. Factors affecting the valuation of benefit liabilities include:

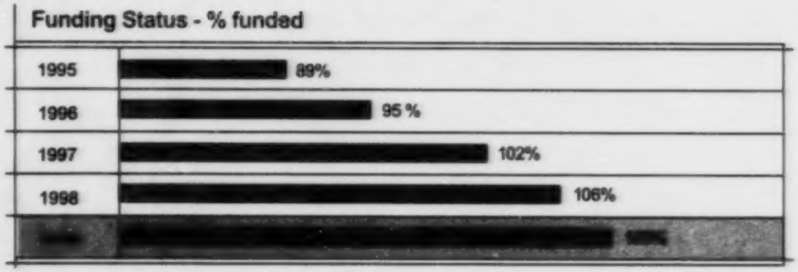
- changes in the Consumer Price Index and wage rate inflation
- changes to prior years' actuarial reserves as a result of actual experience

The WCB has benefited in the past several years from lower inflation as well as an improving injury rate profile.

Expenses for operating the WCB increased $4 million or 1.8 percent to $232 million. Depreciation expense increased $6.3 million as a result of amortization costs for major capital investments in systems over the past several years. Total expenses for operating the WCB for 1999 and 1998 was 49-cents per $100 of assessable payroll.

Balance Sheet

The WCB's balance sheet at December 31, 1999 showed an unappropriated surplus of $134 million compared to $69 million in the previous year. Assets totalled $7,646 million, an increase of $600 million or 8.5 percent over 1998. Total liabilities increased $365 million, or 5.5 percent, to $7,010 million. Net assets totalled $636 million at the end of 1999, representing reserves of $502 million and an unappropriated surplus of $134 million.



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Portfolio investments

The WCB's portfolio of investments totalled $7,109 million (1998 - $6,505 million). The market value of these investments at December 31, 1999 was $7,818 million (1998 - $7,649 million). Deferred investment gains at the end of the year was $1.3 billion (1998 - $1.1 billion). Realized and unrealized deferred gains are scheduled to be taken into income over the next five years as shown in note 5 to the financial statements.

Actuarial liabilities for future benefits

At December 31, 1999, the WCB's actuarial liabilities for future benefits totalled $6,916 million. Total benefit liabilities include pensions in payment and estimated liabilities for unfinaled claims.

The liability for all pensions that have been established totalled $3,169 million (1998: $3,010 million), an increase of 5.3 percent. The increase in pension liabilities reflects the impact of 2.29 percent increase in the Consumer Price Index and a net addition of new pensions, less terminations, totaling $98.1 million during the year.

Estimates for unfinished claim costs totalled $3,747 million (1998: $3,532 million), an increase of 6.1 percent.

Risks

The reader of these financial statements should be aware of the major risk exposures of the WCB.

Operational risks

The WCB successfully managed its Y2K compliance and transitioned from 1999 to 2000 without any disruptions to service and operations.

The WCB recently implemented a major re-organization of its insurance pools as a result of three years of consultations. The resulting changes to employers' classifications and rates will increase demands on our services by employers wanting information and explanations about the changes.

Financial risks

The provincial injury rate has a direct impact on compensation costs. For each one-percent improvement in the average injury rate, the average cost for compensation is estimated to decrease by $12 million.

The WCB has experienced several years of rising injury costs with duration of claims rising from 42 days in 1997 to 52 days in 1999. While the actuarial estimates of current and past injury costs have taken this trend into account, a continuing rise in claim costs will have future impact on premium rates.

The WCB's portfolio of investments has a conservative asset allocation policy. Risks that are within prudent risk tolerance limits exist in the portfolio. Fixed income is approximately 48 percent of the total portfolio, 43 percent in government credits, and 5 percent in corporate credits. Equity investments are limited to Canadian and international indices. They have an estimated 25 percent active and 25 percent passive management profile, with variations within the major indices. Approximately three percent of the portfolio is invested in real estate, through a pooled structure with the Office of the Chief Investment Officer (now known as British Columbia Investment Management Corporation). A 10 percent across the board decline in equity markets world-wide would result in a reduction of approximately $80 million a year in investment income.

The WCB's liabilities for future payments to injured workers are indexed to the Consumer Price Index by legislation. Every one-percent inflation directly impacts costs incrementally by approximately $65 million a year.

Financial Review

Responsibility for Financial Reporting

Management of the Workers' Compensation Board is responsible for the preparation of the accompanying financial statements in accordance with generally accepted accounting principles. These financial statements include some amounts based upon management's best estimates and judgments. Any financial information contained elsewhere in the annual report conforms to these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

The Internal Audit Department performs audits designed to test the adequacy and consistency of the Board's internal controls, practices, and procedures.

The Auditor General of British Columbia, the external auditor of the Workers' Compensation Board, has performed an independent audit of the financial statements of the Board in accordance with generally accepted auditing standards. The Auditor's Report outlines the scope of this independent audit and his opinion on the financial statements of the Board.

The firm of Eckler Partners Ltd. has been appointed as the independent consulting actuaries to the Board. Their opinion on the adequacy and appropriateness of the valuation of the Board's benefit liabilities is presented as a part of these financial statements.

Ralph W. McGinn
President and Chief Executive Officer

Sidney O. Fattedad, FCGA
Vice-President, Finance/Information Services
Chief Financial Officer

March 8, 2000

Report of the Auditor General of British Columbia

To the Panel of Administrators of the Workers' Compensation Board, and

To the Minister of Labour,
Province of British Columbia:

I have audited the balance sheet of the *Workers' Compensation Board* as at December 31, 1999 and the statements of operations and unappropriated balance and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *Workers' Compensation Board* as at December 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

George L. Morfitt, FCA
Auditor General

Victoria, British Columbia
March 8, 2000

Balance Sheet
As at December 31, 1999 ($ thousands)

Exhibit 1

	1999	1998
Assets		
Receivables (Note 4)	369,830	404,165
Portfolio investments (Note 5)	7,108,502	6,505,445
Capital assets (Note 6)	167,365	136,019
	7,645,697	**7,045,629**
Liabilities, reserves, and unappropriated balance		
Payables and accruals	94,500	102,527
Benefit liabilities (Notes 7 and 14)	6,915,660	6,542,161
Total liabilities	7,010,160	6,644,688
Reserves (Note 9)	502,000	332,000
Unappropriated balance (Exhibit 2)	133,537	68,941
	7,645,697	**7,045,629**

The accompanying notes are an integral part of the financial statements.

Ralph W. McGinn
President and Chief Executive Officer

Sidney O. Fattedad, FCGA
Vice-President, Finance/Information Services
Chief Financial Officer

Statement of Operations and Unappropriated Balance
For the Year Ended December 31, 1999 ($ thousands)

Exhibit 2

	1999	1998
Income		
Premiums (Note 10)	875,477	916,742
Investments (Note 5)	858,409	701,857
	1,733,886	1,618,599
Expenses		
Claim costs	1,267,472	1,104,126
Operating Costs:		
Prevention and enforcement	42,481	40,536
Claimant services	79,616	71,680
Employer services	12,721	11,241
Information services	33,529	32,368
Facilities and communications	17,121	15,979
Appeals, Review Board, and advisors	16,794	17,060
Administration	29,556	38,932
	231,818	227,796
	1,499,290	1,331,922
Surplus	234,596	286,677
Unappropriated balance — January 1		
As previously stated	83,983	57,390
Prior period adjustment (Note 3)	(15,042)	(13,126)
Appropriation to Earthquake Disaster Reserve (Notes 2(d) and 9)	(20,000)	–
Appropriation to Future Claims Administration Reserve (Notes 2(d) and 9)	–	(212,000)
Appropriation to Latent Occupational Disease Reserve (Notes 2(d) and 9)	(150,000)	(50,000)
Unappropriated balance — December 31 (Exhibit 1)	**133,537**	**68,941**

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The accompanying notes are an integral part of the financial statements.

Statement of Changes in Financial Position
For the Year Ended December 31, 1999 ($ thousands)

Exhibit 3

	1999	1998
Cash flow from operating activities:		
Annual surplus	234,596	266,677
Add/(subtract):		
Depreciation	20,266	13,872
Non-cash investment income	(538,367)	(359,946)
(Decrease)/increase in non-cash claim costs	373,499	284,301
(Decrease)/increase in working capital	31,794	74,145
Cash from operating activities	121,788	299,049
Cash flow from investing activities:		
Net (purchase)/sale of fixed-term investments	153,989	(523,420)
Net (purchase)/sale of equity investments	(229,170)	269,884
Net (purchase)/sale of capital assets	(55,540)	(38,240)
Cash used in investing activities	(130,721)	(291,776)
Net (decrease)/increase in cash and cash equivalents	(8,933)	7,273
Cash and cash equivalents — January 1	(17,619	(24,892)
Cash and cash equivalents — December 31	**(26,552)**	**(17,619)**

The accompanying notes are an integral part of the financial statements.

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Cash and cash equivalents — January 1	(17,619)	(24,892)
Cash and cash equivalents — December 31	**(26,552)**	**(17,619)**

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements
For the Year Ended December 31, 1999

Note 1 — Nature of Operations

The Workers' Compensation Board administers the *Workers Compensation Act*, enacted by the British Columbia Legislature in 1917.

The primary functions of the WCB under the Act are promotion of occupational health and safety; compensation for occupational injury, death, or disease; rehabilitation of injured workers; collection of the funds necessary for its operations from employers covered under the Act; and management of portfolio investments in compliance with the *Financial Administration Act*.

An Appeal Division is established under the Act to make final rulings on any appeals pertaining to the Board's premium or benefit decisions.

Premium rates are established at a level to recover current operating costs and current and future claim costs arising from current claims of established classes of employers, subject to a capping policy to moderate excessive changes in rates from year to year. The Board may also levy a special premium when it is considered appropriate.

The WCB does not receive government funding or other assistance. The funding strategy of the Board is to be fully funded, with any balances in the unfunded liability or unappropriated balance to be amortized on a five-year averaging basis, except as limited by the capping policy above.

Note 2 — Significant Accounting Policies

(a) Portfolio Investments

Fixed-term investments, having terms greater than one year, consisting primarily of bonds of the Government of Canada, various provinces, and Crown corporations, as well as US-dollar denominated government bonds, are stated at amortized cost. Gains and losses realized on disposal of fixed-term investments during the year are deferred and amortized on a straight-line basis over a five-year period.

Equity and real estate investments are stated at market value. The amount by which market value differs from cost represents an unrealized gain or loss. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equities and real estate investments during the year, are deferred and amortized on a straight-line basis over a five-year period.

Fixed-term investments, having terms less than or equal to one year and consisting primarily of treasury bills and discounted bank notes, are stated at amortized cost. Gains and losses realized on disposal of these investments are recognized in the year of disposition.

Investments denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. The foreign currency exchange gains and losses for investments are recorded in the same manner as other investment gains and losses.

(b) Capital Assets

Capital assets are reported at cost and are depreciated on a straight-line basis over their estimated useful lives.

The rates used are as follows:

Buildings	20 to 40 years
Equipment	3 to 10 years
Furniture	10 years
Vehicles	5 years

Deferred costs represent direct costs incurred in developing new operating systems that are deferred and amortized on a straight-line basis over five years from the date of implementation.

(c) Benefit Liabilities

The WCB determines its liabilities at the end of each year for all injuries that have taken place to that time.

The Board appoints a consulting actuary who examines the benefit liabilities and the underlying assumptions and methods, and issues a report thereon to the Board. The opinion of the consulting actuary is appended to these financial statements.

The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for claims that occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies, and/or administrative practices in respect of existing claims. The benefit liabilities have been discounted to present value, using a real interest rate of three percent (1998: three percent).

As in prior years, the benefit liabilities make no provision for future claims related to long-latency occupational disease, because such a provision cannot be reasonably estimated, or for future expenses of administration. However, a $212-million reserve has been established for the future expense of administering existing claims and another $200 million for future claims relating to latent occupational diseases.

(d) Reserves

The $40-million Accident Fund Special Reserves established pursuant to Section 39 of the *Workers Compensation Act* are:

- Contingent Reserve [Section 39(1)(b)], which provides a reserve in aid of industries or classes which may become depleted or extinguished
- Disaster Reserve [Section 39(1)(d)], which provides a reserve to meet the loss arising from a disaster or other circumstances that the Board considers unfair burdens to the employers in a particular class
- Enhancement Reserve [Section 39(1)(e)], which provides a reserve for payment of that portion of a disability enhanced by reason of a pre-existing disease, condition, or disability

Claims deemed by the Board to be covered by these reserves are charged to current operations but are prorated to the various employer classes rather than being charged directly to any specific class.

The $30-million Accident Fund Research Reserve, established pursuant to Section 71(4) of the *Workers Compensation Act*, is a reserve for the purpose of funding initiatives in scientific study, as well as disseminating and applying ways to reduce occupational injury, disease, impairment, or disability. The $30-million reserve will remain intact, while investment income earned on the reserve will be directed to funding research. Any excess funding over expenditures in any year will be returned to the Accident Fund. The amount of investment income earned on the reserve will be based on the average annual investment yield earned on the Accident Fund. The management of and fiduciary responsibility over the reserve is indivisible from the Accident Fund and may not be transferred to any other body or organization.

The Board also established a $212-million Future Claims Administration Reserve for the future expense of administering existing claims. As well, the Board established a $200-million Latent Occupational Disease Reserve relating to certain occupational diseases that may have occurred in the current or prior years but may not be reported or recognized for a number of years due to the extended latency periods of such diseases.

In 1999, a $20-million Earthquake Disaster Reserve was established to provide for claims from workers that may be injured in their course of employment during an earthquake disaster. In the next few years, the Board will continue to set aside a reserve equivalent to the self-insured portion of its liability against an earthquake disaster; the balance of its liability will be reinsured.

(e) Premium Income and Accrued Premiums Receivable

As a significant portion of premium income for the year is not received until after the year-end, the amount shown is an estimate based on statistical data. The difference between the estimate and the actual income received is credited or charged to income in the following year. Historically, the difference has not been material.

(f) Self-insured Employers

Certain employers have been placed in self-insured classes. These employers are billed on a monthly basis for payments of short-term disability, health care,

Note 2 — continued

rehabilitation, and for the capitalized values of long-term disability and survivor benefits, together with their proportionate share of administrative costs.

The receivable represents a provision for future claim costs of self-insured classes, for which the final settlement has not been determined; it also includes unpaid current billings.

The WCB also acts as the agent of the Government of Canada for the payment of compensation to federal employees in British Columbia. Amounts paid are recovered from the Government of Canada on a monthly basis.

Note 3 — Change in Accounting Policies

The Board is moving to full implementation of the Canadian Institute of Chartered Accountants' new standards on Employee Future Benefits (*Section 3461*). In 1998 and 1999, the Board recorded retroactively an accrual of $21.3 million for the estimated cost of basic medical and extended health care post retirement benefits and $15 million for the estimated cost of long-term disability benefits, respectively. These benefits were previously recorded on a "pay as you go" basis.

The Board will apply all recommendations of *Section 3461* to future employee benefits, including pension benefits, in its 2000 financial statements. The amounts will be based on actuarial re-evaluations of all its plans on March 31, 2000.

Note 4 — Receivables ($ thousands)

	1999	**1998**
Premiums	73,792	53,769
Accrued premiums	141,467	198,439
Self-insured employers — receivable	148,024	143,872
Premiums receivable	363,283	396,080
Self-insured employers — deposits	(8,773)	(8,773)
Prepaid pension costs (Note 12)	9,570	13,023
Other receivables	5,750	3,835
	369,830	**404,165**

Note 5 — Portfolio Investments ($ thousands)

	1999	**1998**
(a) Portfolio Investments		
Fixed-term investments, over one year, amortized cost		
Government of Canada and federal Crown corporations	2,505,508	2,635,022
Province of British Columbia and Crown corporations	–	51,763
Other Canadian provinces and agencies	824,435	863,378
Corporates	381,475	299,187
U.S. dollar denominated government bonds	144,479	12,770
(market value: 1999 — 3,353,595; 1998 — 3,940,381)	3,855,897	3,862,120
Accrued interest	41,290	43,454

Note 2 — continued

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Accrued interest	41,290	43,454

Note 5 — continued

	1999	1998
Equities, market value		
Canadian Index Fund	1,240,347	960,376
Managed Canadian equities	703,069	690,976
U.S. Index Fund	311,143	347,015
U.S. equities	626,339	541,411
International equities	1,132,309	588,367
	4,013,207	3,128,145
Real estate, market value	227,372	145,877
Fixed-term investments, under one year, amortized cost		
Canadian	248,285	236,105
U.S.	1,674	216,504
Bank indebtedness	(26,552)	(17,820)
	8,361,173	7,614,585
Deferred investment gains	(1,252,671)	(1,109,140)
	7,108,502	**6,505,445**

(b) Deferred Investment Gains

	1999	1998
Balance — January 1	(1,109,140)	(1,051,780)
Realized net gains for the year	(141,881)	(417,281)
Unrealized net gains for the year	(561,038)	(62,026)
	(1,812,059)	(1,531,087)
Amortization	559,388	421,947
Balance — December 31	**(1,252,671)**	**(1,109,140)**

(c) Investment Income

	1999	1998
Earned for the year	299,021	279,910
Amortization of investment gains	559,388	421,947
	858,409	**701,857**

Note 5 — continued

(d) Amortization Schedule of Deferred Investment Gains

	1998	1999	2000	2001	2002	2003
Balance — January 1	(1,051,780)	(1,109,140)	(1,252,671)	(755,140)	(377,029)	(140,584)
Add:						
Current year's additions	(479,307)	(702,919)	–	–	–	–
	(1,531,087)	(1,812,059)	(1,252,671)	(755,140)	(377,029)	(140,584)
Less:						
Amortization of beginning balance	326,086	418,804	356,947	237,527	95,861	–
Amortization of current year's realized gains	83,456	28,376	28,376	28,376	28,376	28,376
Amortization of current year's unrealized gains	12,405	112,208	112,208	112,208	112,208	112,208
Total amortization credited to income	421,947	559,388	497,531	378,111	236,445	140,584
Balance — December 31	**(1,109,140)**	**(1,252,671)**	**(755,140)**	**(377,029)**	**(140,584)**	–

Investment Risk Management

The Board currently invests in publicly traded shares and fixed-income instruments available on domestic and foreign exchanges, in addition to participating in a pooled real estate fund managed by the Office of the Chief Investment Officer of the Ministry of Finance and Corporate Relations. It also participates in securities lending arrangements, through the Ministry, in order to earn additional income.

Credit Risk Management

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. Therefore, government issuers of debt instruments must have a credit rating of at least BBB, and non-government issuers require a rating of A or higher in order to be eligible for consideration as an investment. Policy guidelines have been established to ensure that the credit ratings of fixed-income instruments do not fall below predetermined levels.

Foreign Exchange Risk Management

The Board has investments denominated in foreign currencies. It does not hedge its currency exposure because its current level of foreign holdings would not subject it to a liquidity risk that could mandate ill-timed conversion, and because it has a "long-term" investment view. It relies on studies that prove currency hedging does not add value in the long term, while it can, in the short term, add an additional layer of risk.

Interest Rate Risk Management

Fluctuations in interest rates can impact the market value of the fixed-income portfolio, as well as shift investor preferences among asset classes. In the fixed-income portfolio, interest rate risk is minimized by managing the duration of the portfolio within predetermined prudent policy limits.

Real Estate Risk Management

The real estate portfolio's risk is managed through diversification across real estate types and locations. For example, by having holdings in the residential, commercial, industrial, and development markets, and geographically, by having current pool holdings ranging in location from British Columbia to the Maritimes, adverse impacts in any one segment of the market or geographic location are minimized.

Note 5 — continued

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Note 6 — Capital Assets ($ thousands)

	1999				1998
	Cost	Depreciation	Accumulated Depreciation	Net Book Value	Net Book Value
Land	7,239	–	–	7,239	7,239
Buildings	76,367	1,954	29,468	46,899	47,912
Furniture, equipment, and vehicles	118,438	15,021	79,535	38,903	45,437
Deferred costs	87,778	3,291	13,454	74,324	35,431
	289,822	**20,266**	**122,457**	**167,365**	**136,019**

Note 7 — Benefit Liabilities ($ thousands)

	1999						1998
	Short-term Disability	Long-term Disability	Survivor Benefits	Health Care	Rehabil-itation	Total	Total
Balance — January 1	368,650	4,240,594	837,269	842,684	252,964	6,542,161	6,257,860
Add claim costs:							
Current year's injuries	284,982	277,374	33,740	215,157	55,502	866,755	837,887
Prior years' injuries	57,878	246,808	9,925	71,761	14,345	400,717	266,239
	342,860	524,182	43,665	286,918	69,847	1,267,472	1,104,126
Less claim payments made:							
Current year's injuries	153,391	228	901	85,771	581	240,872	234,954
Prior years' injuries	169,708	235,869	55,605	117,969	73,950	653,101	584,871
	323,099	236,097	56,506	203,740	74,531	893,973	819,825
Balance — December 31	388,411	4,528,679	824,428	925,862	248,280	6,915,660	6,542,161
Represented by:							
Provision for unfinaled claims	388,411	2,103,635	80,317	925,862	248,280	3,746,505	3,532,338
Pension awards, capitalized values	–	2,425,044	744,111	–	–	3,169,155	3,009,823
	388,411	**4,528,679**	**824,428**	**925,862**	**248,280**	**6,915,660**	**6,542,161**

Note 8 — Changes in Actuarial Valuations of Benefit Liabilities ($ thousands)

	1999			1998		
	Claim Costs	*Less:* Benefit Payments	Changes in Actuarial Valuations of Benefit Liabilities	Claim Costs	*Less:* Benefit Payments	Changes in Actuarial Valuations of Benefit Liabilities
Short-term disability	342,860	323,099	19,761	299,231	294,244	4,987
Long-term disability	524,182	236,097	288,085	428,029	226,890	201,139
Survivor benefits	43,665	56,506	(12,841)	58,036	60,194	(2,158)
Health care	286,918	203,740	83,178	259,938	181,571	78,367
Rehabilitation	69,847	74,531	(4,684)	58,892	56,926	1,966
	1,267,472	**893,973**	**373,499**	**1,104,126**	**819,825**	**284,301**

Note 9 — Reserves ($ thousands)

	1999				1998
	Contingent	Disaster	Enhancement	Total	Total
(a) Special reserves costs					
Short-term disability	–	–	29,168	29,168	23,508
Long-term disability	–	–	34,759	34,759	37,321
Survivor benefits	–	–	3	3	187
Health care	–	–	11,044	11,044	8,704
Rehabilitation	–	–	17,469	17,469	11,599
	–	–	**92,443**	**92,443**	**81,319**

	1999	1998
The special reserves balance at December 31 is represented by:		
Contingent	2,500	2,500
Disaster	16,500	16,500
Enhancement	21,000	21,000
Balance — December 31	**40,000**	**40,000**
(b) Research Reserve	30,000	30,000
(c) Future Claim Administration Reserve	212,000	212,000
(d) Latent Occupational Disease Reserve	200,000	50,000
(e) Earthquake Disaster Reserve	20,000	–
	502,000	**332,000**

Note 6 — Capital Assets ($ thousands)

	1999				1998
	Cost	Depreciation	Accumulated Depreciation	Net Book Value	Net Book Value
Land	7,239	–	–	7,239	7,239
Buildings	76,367	1,954	29,468	46,899	47,912
Furniture, equipment, and vehicles	118,438	15,021	79,535	38,903	45,437
Deferred costs	87,778	3,291	13,454	74,324	35,431
	289,822	**20,266**	**122,457**	**167,365**	**136,019**

Note 7 — Benefit Liabilities ($ thousands)

	1999						1998
	Short-term Disability	Long-term Disability	Survivor Benefits	Health Care	Rehabil-itation	Total	Total
Balance — January 1	368,650	4,240,594	837,269	842,684	252,964	6,542,161	6,257,860
Add claim costs:							
Current year's injuries	284,982	277,374	33,740	215,157	55,502	866,755	837,887
Prior years' injuries	57,878	246,808	9,925	71,761	14,345	400,717	266,239
	342,860	524,182	43,665	286,918	69,847	1,267,472	1,104,126
Less claim payments made:							
Current year's injuries	153,391	228	901	85,771	581	240,872	234,954
Prior years' injuries	169,708	235,869	55,605	117,969	73,950	653,101	584,871
	323,099	236,097	56,506	203,740	74,531	893,973	819,825
Balance — December 31	388,411	4,528,679	824,428	925,862	248,280	6,915,660	6,542,161
Represented by:							
Provision for unfinaled claims	388,411	2,103,635	80,317	925,862	248,280	3,746,505	3,532,338
Pension awards, capitalized values	–	2,425,044	744,111	–	–	3,169,155	3,009,823
	388,411	**4,528,679**	**824,428**	**925,862**	**248,280**	**6,915,660**	**6,542,161**

Note 8 — Changes in Actuarial Valuations of Benefit Liabilities ($ thousands)

	1999			1998		
	Claim Costs	*Less:* Benefit Payments	Changes in Actuarial Valuations of Benefit Liabilities	Claim Costs	*Less:* Benefit Payments	Changes in Actuarial Valuations of Benefit Liabilities
Short-term disability	342,860	323,099	19,761	299,231	294,244	4,987
Long-term disability	524,182	236,097	288,085	428,029	226,890	201,139
Survivor benefits	43,665	56,506	(12,841)	58,036	60,194	(2,158)
Health care	286,918	203,740	83,178	259,938	181,571	78,367
Rehabilitation	69,847	74,531	(4,684)	58,892	56,926	1,966
	1,267,472	**893,973**	**373,499**	**1,104,126**	**819,825**	**284,301**

Note 9 — Reserves ($ thousands)

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Short-term disability	–	–	29,168	29,168	23,508
Long-term disability	–	–	34,759	34,759	37,321
Survivor benefits	–	–	3	3	187
Health care	–	–	11,044	11,044	8,704
Rehabilitation	–	–	17,469	17,469	11,599
	–	–	**92,443**	**92,443**	**81,319**

The special reserves balance at December 31 is represented by:

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Disaster	16,500	16,500
Enhancement	21,000	21,000
Balance — December 31	**40,000**	**40,000**
(b) Research Reserve	30,000	30,000
(c) Future Claim Administration Reserve	212,000	212,000
(d) Latent Occupational Disease Reserve	200,000	50,000
(e) Earthquake Disaster Reserve	20,000	–
	502,000	**332,000**

Note 10 — Premiums ($ thousands)

	1999	1998
Rateable classes	872,086	851,198
Industry funded initiatives	(4,938)	(2,090)
Capping of rate changes and amortization of balance		
Capping of rate changes	(20,206)	(52,483)
Amortization of balance	(24,040)	90,266
	(44,246)	37,783
Rateable classes — net	822,902	886,891
Self-insured employers	44,231	22,706
Penalties	8,344	7,145
	875,477	**916,742**

The capping of rate changes represents the effect of the Board's policy to limit changes to the rates of any subclass from year to year. The amortization of the balance represents the effect of the planned amortization of the projected surplus or deficit of each subclass at the beginning of each appropriate year.

Note 11 — Gain and Loss Analysis ($ thousands)

The following is a reconciliation of the variances from the actuarial assumptions for the rateable classes (rounded to the nearest $1million):

	1999	1998
Unappropriated balance — January 1	84,000	57,000
Retroactive provision for long-term disability benefits	(15,000)	
Current year's excess — rateable classes		
Current year's claim and operating costs		
Estimated	910,000	879,000
Actual	(1,049,000)	(1,024,000)
	(139,000)	(145,000)
Premium income adjustments		
Amortization of balance	(24,000)	90,000
Capping of premium rate changes	(20,000)	(52,000)
Prior years' adjustments and miscellaneous	(35,000)	(23,000)
	(79,000)	15,000
Total current year's excess (deficiency)	(218,000)	(130,000)

Note 11 — continued

	1999	1998
Prior years' experience gain (loss)		
Short-term disability	(37,000)	7,000
Long-term disability	(29,000)	(5,000)
Survivor benefits	32,000	4,000
Health care	(29,000)	(33,000)
Rehabilitation	(3,000)	5,000
Miscellaneous items	33,000	15,000
	(33.000)	(21,000)
Investment income in excess of Consumer Price Index, plus discount rate (1999: three percent; 1998: three percent)	486,000	440,000
Appropriation to Earthquake Disaster Reserve	(20,000)	–
Appropriation to Claims Administration Reserve	–	(212,000)
Appropriation to Latent Occupational Disease Reserve	(150,000)	(50,000)
Unappropriated balance — December 31	**134,000**	**84,000**

Note 12 — Superannuation Plan

The Board and its employees contribute to the Workers' Compensation Board Superannuation Plan, a defined benefit plan. The plan provides pensions based on length of service and best five-year average earnings. For funding purposes, and to determine the contribution rate, the plan requires an actuarial valuation of the plan's liabilities at intervals of not more than three years. The last valuation was carried out as at March 31, 1997.

The pension plan's long-term compensation levels were assumed to increase by 5.15 percent (1998: 5.15 percent). Pension plan assets and liabilities are stated at extrapolated actuarial values. The assumed long-term rate of return on pension plan assets was 7.15 percent (1998: 7.15 percent).

The resulting values of pension assets and liabilities as at December 31 are as follows:

	1999	1998
Assets	$441,429,000	$411,927,000
Liabilities	$399,149,000	$366,176,000
Surplus	$ 42,280,000	$ 45,751,000

The assets and liabilities are not included in the WCB's financial statements.

The Board's 1999 superannuation pension expense, calculated on the accrued benefit method, on the basis of the March 31, 1997 valuation results, amounted to $8,265,000 (1998: $9,146,000). This amount includes the amortization of experience gains and losses and past service costs, which are being amortized on a straight-line basis over periods of 11 and 12 years. The Board's 1999 contributions to the plan amounted to $4,812,000 (1998: $6,034,000). This difference of $3,453,000 between the pension expense and pension contributions is included in receivables on the balance sheet. As at December 31, 1999, the accumulated difference amounted to $9,570,000 (1998: $13,023,000).

In view of the significant surplus, effective January 1, 1998, the Board changed the required employee contribution to the basic account to 50 percent of the amount required by the plan and the employer's contribution to equal the employee's contribution, for a period of three years.

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The following is a reconciliation of the variances from the actuarial assumptions for the rateable classes (rounded to the nearest $1million):

	1999	1998
Unappropriated balance — January 1	84,000	57,000
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Current year's excess — rateable classes		
Current year's claim and operating costs		
Estimated	910,000	879,000
Actual	(1,049,000)	(1,024,000)
	(139,000)	(145,000)
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Note 13 — Related Party Transactions

The Board is required to reimburse the Government of British Columbia for the operating costs of the Workers' Compensation Review Board, the Workers' Advisers' Office, and the Employers' Advisers Office.

The Board is also responsible for the administration of the *Criminal Injury Compensation Act*. The *Criminal Injury Compensation Act* compensates people who are victims of any of the crimes listed in the statute. The Government of British Columbia reimburses the WCB for all operating costs incurred in the administration of this Act.

In addition to the legislated obligations referred to earlier, included in these financial statements are amounts resulting from routine operating transactions conducted at prevailing market prices with various British Columbia government-controlled ministries, agencies, and Crown corporations to which the Board may be considered related.

Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

Note 14 — Self-insured Employers ($ thousands)

	1999	1998
Current premium income	44,231	22,706
Claim costs:		
Short-term disability	20,261	12,101
Long-term disability	13,887	4,758
Survivor benefits	2,462	2,039
Health care	12,313	9,266
Rehabilitation	1,303	(263)
	50,226	27,901
Share of special reserves costs	3,144	1,835
Operating costs	10,096	8,272
	63,466	38,008
Less: Share of investment income	(18,891)	(15,084)
Share of penalty income	(344)	(218)
	44,231	**22,706**

Included in the benefit liabilities is $146 million (1998: $140 million) for self-insured employers (except for the Federal Government). An equivalent amount is included in receivables because these liabilities will be paid by those employers in future years, hence they do not affect the Board's unfunded liability.

Note 15 — Comparative Figures

Certain 1999 figures have been reclassified to conform with the current year's presentation.

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Certain 1999 figures have been reclassified to conform with the current year's presentation.

Actuary's Opinion

The liabilities included herein have been computed by the Board in accordance with methods and assumptions approved by us. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient and reliable for our purposes and consistent with the Board's financial statements.

The liabilities for Pensions in Payment include the effect of cost-of-living increases granted effective January 1, 2000, and have been computed using the same mortality, net interest rate, and other assumptions used for the valuation as at December 31, 1998. The net interest rate of three percent makes implicit provision for the future indexing of pensions on the assumption that investment earnings on Board assets in excess of three percent will correspond, over the long term, to future inflation-related increases in benefits.

The Provision for Other Future Payments represents the liabilities for future claims costs in respect of injuries which occurred during 1999 and prior years, including future pensions other than those already in payment. It is based on projections of future claims payments and awards using ratios developed from the Board's claims experience, average benefit rates, the net interest rate assumption of three percent and, where applicable, the mortality and other assumptions used for computing pension liabilities. The methods used in calculating these liabilities were substantially the same as those employed in the previous valuation as at December 31, 1998.

In our opinion, the assumptions made are appropriate, the methods employed are consistent with sound actuarial principles. This valuation conforms with accepted actuarial practices, and the resulting amounts set out below make reasonable provision, as at December 31, 1999, for the future benefits expenditures of the Board in respect of injuries to December 31, 1999.

($,000s)	**Pensions in Payment**	**Provision for Other Future Payments**	**Total**
Benefits Liabilities:			
Short-term Disability	–	388,411	388,411
Long-term Disability	2,425,044	2,103,635	4,528,679
Survivor Benefits	744,111	80,317	824,428
Health Care	–	925,862	925,862
Rehabilitation	–	248,280	248,280
	3,169,155	**3,746,505**	**6,915,660**

Jacob Levi, F.S.A., F.C.I.A.
Eckler Partners Ltd.
Consulting Actuaries

March 10, 2000

Ten-year Summary of Financial Statements

Unaudited

Balance Sheet
As at December 31 ($ thousands)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Assets										
Receivables	369,830	404,165	448,336	462,460	446,918	403,694	349,384	281,615	258,095	238,960
Portfolio investments	7,108,502	6,505,445	5,907,252	5,408,592	4,757,109	4,272,205	3,992,148	3,789,517	3,632,431	3,401,317
Capital assets	167,365	136,019	110,142	96,024	93,542	92,619	94,831	90,610	81,971	61,182
	7,645,697	**7,045,629**	**6,465,730**	**5,967,076**	**5,297,569**	**4,768,518**	**4,436,363**	**4,161,742**	**3,972,497**	**3,701,459**
Liabilities and net fund surplus (deficiency)										
Payables and accruals	94,500	102,527	93,606	95,056	77,705	69,724	56,119	49,733	58,148	35,183
Benefits liabilities	6,915,660	6,542,161	6,257,860	6,187,528	5,845,022	5,403,216	4,955,596	4,189,051	3,824,952	3,509,109
Total liabilities	7,010,160	6,644,688	6,351,466	6,282,584	5,922,727	5,472,940	5,011,715	4,238,784	3,883,100	3,544,292
Reserves	502,000	332,000	70,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Unappropriated balance (unfunded liability)	133,537	68,941	44,264	(355,508)	(665,158)	(744,422)	(615,352)	(117,042)	49,397	117,167
Net fund surplus (deficiency)	635,537	400,941	114,264	(315,508)	(625,158)	(704,422)	(575,352)	(77,042)	89,397	157,167
	7,645,697	**7,045,629**	**6,465,730**	**5,967,076**	**5,297,569**	**4,768,518**	**4,436,363**	**4,161,742**	**3,972,497**	**3,701,459**

Statement of Operations and Unappropriated Balance (Unfunded Liability)
For the Year Ended December 31 ($ thousands)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Income										
Premiums	876,477	916,742	990,904	999,775	984,601	878,187	759,950	644,987	575,572	551,028
Investments	857,409	701,857	644,688	533,745	437,525	345,373	356,621	316,122	329,617	324,859
	1,733,886	1,618,599	1,635,592	1,533,520	1,422,126	1,223,560	1,116,571	961,109	905,189	875,887
Expenses										
Claim costs										
Short-term disability	342,842	299,231	267,528	256,841	303,052	309,528	279,330	252,972	217,679	218,187
Long-term disability	524,182	428,029	425,089	467,479	460,630	463,767	245,924	477,319	417,887	452,397
Survivor benefits	43,685	58,036	56,802	58,907	52,055	44,969	550,096	38,442	133,318	60,787
Health care	286,916	259,938	214,307	186,912	216,330	224,832	168,940	151,052	29,707	113,829
Rehabilitation	69,847	58,892	38,994	58,701	119,907	118,643	181,728	32,522	20,352	12,856
	1,267,472	1,104,126	1,002,720	1,028,840	1,151,974	1,161,739	1,426,018	952,307	818,943	858,056
Operating and prevention costs										
Operating	189,337	187,260	168,311	162,987	160,858	161,064	161,209	149,074	129,861	110,591
Prevention	42,481	40,536	34,789	32,043	30,030	29,827	27,654	26,167	24,155	21,827
	231,818	227,796	203,100	195,030	190,888	190,891	188,863	175,241	154,016	132,418
	1,499,290	1,331,922	1,205,820	1,223,870	1,342,862	1,352,630	1,614,881	1,127,548	972,959	990,474
Surplus (deficiency) from operations	234,596	286,677	429,772	309,650	79,264	(129,070)	(498,310)	(166,439)	(67,770)	(114,587)
(Unfunded liability) Unappropriated balance — January 1	68,941	44,264	(355,508)	(665,158)	(744,422)	(615,352)	(117,042)	49,397	117,167	231,754
	303,537	330,941	74,264	(355,508)	(665,158)	(744,422)	(615,352)	(117,042)	49,397	117,167
Appropriation to Research Reserve	–	–	(30,000)	–	–	–	–	–		
Appropriation to Future Claims Administration Reserve	–	(212,000)								
Appropriation to Latent Occupational Disease Reserve	(150,000)	(50,000)								
Appropriation to Earthquake Disaster Reserve	(20,000)									
Unappropriated balance (unfunded liability) — December 31	**133,537**	**68,941**	**44,264**	**(355,508)**	**(665,158)**	**(744,422)**	**(615,352)**	**(117,042)**	**49,397**	**117,167**

Note: The above amounts have been restated reflecting the retroactive effects of changes in accounting policies.

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Supplementary financial information										
Capital asset expenditures ($ thousands)	56,540	38,240	33,815	12,584	11,043	10,121	17,389	32,226	16,888	10,818
Special reserves costs (included in claim costs)	92,443	81,319	62,211	77,644	79,681	74,723	74,232	56,896	35,697	24,997
Claim costs:										
Current year's injuries	886,755	837,887	780,807	698,271	710,803	716,523	643,920	620,458	557,632	534,669
Prior years' injuries	400,717	266,239	221,913	330,569	441,171	445,216	782,098	331,849	261,311	323,387
	1,287,472	1,104,126	1,002,720	1,028,840	1,151,974	1,161,739	1,426,018	952,307	818,943	858,056
Claim costs:										
Payments	913,973	819,825	932,388	686,334	710,168	714,119	659,473	588,208	503,100	460,818
Change in benefits liabilities	373,499	284,301	70,332	342,506	441,806	447,620	766,545	364,099	315,843	397,238
	1,287,472	1,104,126	1,002,720	1,028,840	1,151,974	1,161,739	1,426,018	952,307	818,943	858,056
Statistics										
Claims first reported[2]	178,187	179,582	185,852	189,418	194,280	197,911	195,117	197,793	203,740	217,152
Claims accepted[3]	136,741	144,380	148,144	145,278	147,223	140,785	135,689	147,513	149,850	165,907
Claims disallowed[4]	9,884	8,139	8,358	9,370	8,776	6,994	5,380	5,544	6,981	6,952
Claims rejected[5]	1,884	1,884	1,733	1,538	1,667	1,846	2,360	2,713	3,039	3,017
Claims disallowed as a proportion of claims reported (%)[6]	5.5	4.5	4.5	4.9	4.5	3.5	2.8	2.8	3.4	3.2
Injury rate (number of short-term disability claims per 100 person-years of employment)										
– excluding the effect of Bill 63	4.6	4.8	5.1	5.0	5.3	5.7	5.8	6.0	6.3	6.7
– including the effect of Bill 63	4.1	4.3	4.6	4.5	4.8	5.2	–	–	–	–
Duration of claim (days paid per claim)										
– in injury year	28.6	25.9	24.0	22.7	23.3	24.3	24.1	23.1	21.8	20.4
– total of all years	52.3	47.5	42.2	40.1	43.3	45.1	43.2	40.5	35.3	32.8
Prevention inspection reports issued[7]	34,284	32,737	35,894	41,548	47,996	42,940	47,340	46,925	50,886	48,388
Prevention worksite activity hours[8]	251,833	276,268	212,121	225,889	221,785	195,175	n/a	n/a	n/a	n/a
Employers registered	184,953	159,036	153,499	149,582	143,599	138,249	113,929	112,525	109,106	106,088
Average premium rate ($)	1.88	2.01	2.22	2.29	2.29	2.16	2.11	1.95	1.83	1.75
Investment return of portfolio (%)										
– total return (market yield)	9.8	11.0	13.8	16.6	17.8	-0.5	18.2	7.3	20.7	10.1
– accounting return (yield on average value of portfolio)	12.8	11.3	11.4	10.5	9.7	8.4	9.2	8.5	9.4	9.9
– real return (yield in excess of inflation)[9]	10.0	10.3	9.9	8.7	7.3	8.6	7.3	6.9	5.0	5.1
Percent funded (ratio of assets to total liabilities) (%)[10]	109	106	102	95	89	87	89	98	102	104

1 In 1997 benefit payments include payments of approximately $209 million to widows in respect of retroactive portion of reinstated pensions. Changes in actuarial valuations show a corresponding credit to reflect the reduction of the retroactive liability.

2 Claim are not necessarily disallowed, rejected, or accepted in the year in which they are reported.

3 Claims accepted include claims accepted for health-care-only benefits.

4 Disallowed claims are those that fall within the scope of the *Workers Compensation Act* but are not payable because they are not work-related.

5 Rejected claims are those that do not fall within the scope of the Act: claims from workers employed in industries not covered under the Act, claims from self-employed workers without optional protection, accounts from physicians submitted in error to the Board.

6 Reported claims that are not accepted, disallowed, or rejected are either suspended claims or "phantom" claims. Suspended claims are those where the claimant fails to respond to a request for information from the adjudicator, or withdraws the claim. "Phantom" claims are accident reports that are not claims for benefits.

7 Includes Prevention inspection reports written under both the *Workers Compensation Act* and the *Workplace Act*, and since 1994 is the number of inspections conducted. In 1993 and earlier years, multiple inspection reports were often issued after a single inspection.

8 Worksite activities include Regional Services Field Officers staff time spent on inspections, education, and consultation with workers and other industry worker services. In 1999, certification hours are included in the total (20,083 hours) and the source of the information is the Prevention Firm File system. Previous year totals do not include certification hours and were obtained from the Prevention Time and Activity Reporting System (TARS).

9 Inflation is the change in the All Canada CPI from the preceding October to the current October value, reflecting the indexation of injured worker benefits.

10 The above amounts have been restated reflecting the retroactive effects of changes in accounting policies.

Ten-year Summary of Financial Statements

Unaudited

Balance Sheet
As at December 31 ($ thousands)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Assets										
Receivables	369,830	404,165	448,336	462,460	446,918	403,694	349,384	281,615	258,095	238,960
Portfolio investments	7,108,502	6,505,445	5,907,252	5,408,592	4,757,109	4,272,205	3,992,148	3,789,517	3,632,431	3,401,317
Capital assets	167,365	136,019	110,142	96,024	93,542	92,619	94,831	90,610	81,971	61,182
	7,645,697	**7.045.629**	**6.465.730**	**5.967.076**	**5.297.569**	**4.768.518**	**4.436.363**	**4.161.742**	**3.972.497**	**3.701.459**
Liabilities and net fund surplus (deficiency)										
Payables and accruals	94,500	102,527	93,606	95,056	77,705	69,724	56,119	49,733	58,148	35,183
Benefits liabilities	6,915,660	6,542,161	6,257,860	6,187,528	5,845,022	5,403,216	4,955,596	4,189,051	3,824,952	3,509,109
Total liabilities	7,010,160	6,644,688	6,351,466	6,282,584	5,922,727	5,472,940	5,011,715	4,238,784	3,883,100	3,544,292
Reserves	502,000	332,000	70,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Unappropriated balance (unfunded liability)	133,537	68,941	44,264	(355,508)	(665,158)	(744,422)	(615,352)	(117,042)	49,397	117,167
Net fund surplus (deficiency)	635,537	400,941	114,264	(315,508)	(625,158)	(704,422)	(575,352)	(77,042)	89,397	157,167
	7,645,697	**7.045.629**	**6.465.730**	**5.967.076**	**5.297.569**	**4.768.518**	**4.436.363**	**4.161.742**	**3.972.497**	**3.701.459**

Statement of Operations and Unappropriated Balance (Unfunded Liability)
For the Year Ended December 31 ($ thousands)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Income										
Premiums	875,477	916,742	990,904	999,775	984,601	878,187	759,950	644,987	575,572	551,028
Investments	858,409	701,857	644,688	533,745	437,525	345,373	356,621	316,122	329,617	324,859
	1,733,886	1,618,599	1,635,592	1,533,520	1,422,126	1,223,560	1,116,571	961,109	905,189	875,887
Expenses										
Claim costs										
Short-term disability	342,860	299,231	267,528	256,841	303,052	309,528	279,330	252,972	217,679	218,187
Long-term disability	524,182	428,029	425,089	467,479	460,630	463,767	245,924	477,319	417,887	452,397
Survivor benefits	43,665	58,036	56,802	58,907	52,055	44,969	550,096	38,442	133,318	60,787
Health care	286,918	259,938	214,307	186,912	216,330	224,832	168,940	151,052	29,707	113,829
Rehabilitation	69,847	58,892	38,994	58,701	119,907	118,643	181,728	32,522	20,352	12,856
	1,267,472	1,104,126	1,002,720	1,028,840	1,151,974	1,161,739	1,426,018	952,307	818,943	858,056
Operating and prevention costs										
Operating	189,337	187,260	168,311	162,987	160,858	161,064	161,209	149,074	129,861	110,591
Prevention	42,481	40,536	34,789	32,043	30,030	29,827	27,654	26,167	24,155	21,827
	231,818	227,796	203,100	195,030	190,888	190,891	188,863	175,241	154,016	132,418
	1,499,290	1,331,922	1,205,820	1,223,870	1,342,862	1,352,630	1,614,881	1,127,548	972,959	990,474
Surplus (deficiency) from operations	234,596	286,677	429,772	309,650	79,264	(129,070)	(498,310)	(166,439)	(67,770)	(114,587)
(Unfunded liability) Unappropriated balance — January 1	68,941	44,264	(355,508)	(665,158)	(744,422)	(615,352)	(117,042)	49,397	117,167	231,754
	303,537	330,941	74,264	(355,508)	(665,158)	(744,422)	(615,352)	(117,042)	49,397	117,167
Appropriation to Research Reserve	–	–	(30,000)	–	–	–	–	–		
Appropriation to Future Claims Administration Reserve	–	(212,000)								
Appropriation to Latent Occupational Disease Reserve	(150,000)	(50,000)								
Appropriation to Earthquake Disaster Reserve	(20,000)									
Unappropriated balance (unfunded liability) — December 31	**133,537**	**68,941**	**44,264**	**(355,508)**	**(665,158)**	**(744,422)**	**(615,352)**	**(117,042)**	**49,397**	**117,167**

Note: The above amounts have been restated reflecting the retroactive effects of changes in accounting policies.

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Supplementary financial information										
Capital asset expenditures ($ thousands)	55,540	38,240	33,815	12,584	11,043	10,121	17,389	32,226	16,888	10,818
Special reserves costs (included in claim costs)	92,443	81,319	62,211	77,644	79,681	74,723	74,232	56,896	35,697	24,997
Claim costs:										
Current year's injuries	866,755	837,887	780,807	698,271	710,803	716,523	643,920	620,458	557,632	534,669
Prior years' injuries	400,717	266,239	221,913	330,569	441,171	445,216	782,098	331,849	261,311	323,387
	1,267,472	1,104,126	1,002,720	1,028,840	1,151,974	1,161,739	1,426,018	952,307	818,943	858,056
Claim costs:										
Payments	893,973	819,825	932,388	686,334	710,168	714,119	659,473	588,208	503,100	460,818
Change in benefits liabilities	373,499	284,301	70,332	342,506	441,806	447,620	766,545	364,099	315,843	397,238
	1,267,472	1,104,126	1,002,720	1,028,840	1,151,974	1,161,739	1,426,018	952,307	818,943	858,056
Statistics										
Claims first reported	178,187	179,582	185,852	189,418	194,280	197,911	195,117	197,793	203,740	217,152
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Claims rejected	1,884	1,884	1,731	1,538	1,667	1,846	2,360	2,713	3,039	3,017
Claims disallowed as a proportion of claims reported (%)	5.5	4.5	4.5	4.9	4.5	3.5	2.8	2.8	3.4	3.2
Injury rate (number of short-term disability claims per 100 person-years of employment)										
– excluding the effect of Bill 63	4.6	4.8	5.1	5.0	5.3	5.7	5.8	6.0	6.3	6.7
– including the effect of Bill 63	4.1	4.3	4.6	4.5	4.8	5.2	–	–	–	–
Duration of claim (days paid per claim)										
– in injury year	26.5	25.9	24.0	22.7	23.3	24.3	24.1	23.1	21.8	20.4
– total of all years	52.3	47.5	42.2	40.1	43.3	45.1	43.2	40.5	35.3	32.8
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Prevention worksite activity hours	251,633	276,268	212,121	225,889	221,785	195,175	n/a	n/a	n/a	n/a
Employers registered	164,963	159,036	153,499	149,582	143,599	138,249	113,929	112,525	109,106	106,088
Average premium rate ($)	1.88	2.01	2.22	2.29	2.29	2.16	2.11	1.95	1.83	1.75
Investment return of portfolio (%)										
– total return (market yield)	9.8	11.0	13.8	16.6	17.8	-0.5	18.2	7.3	20.7	10.1
– accounting return (yield on average value of portfolio)	12.6	11.3	11.4	10.5	9.7	8.4	9.2	8.5	9.4	9.9
– real return (yield in excess of inflation)	10.0	10.3	9.9	8.7	7.3	8.6	7.3	6.9	5.0	5.1
Percent funded (ratio of assets to total liabilities) (%)	109	106	102	96	89	87	89	98	102	104

In 1997 benefit payments include payments of approximately $209 million to widows in respect of retroactive portion of reinstated pensions. Changes in actuarial valuations show a corresponding credit to reflect the reduction of the retroactive liability.

Claim are not necessarily disallowed, rejected, or accepted in the year in which they are reported.

Claims accepted include claims accepted for health-care-only benefits.

Disallowed claims are those that fall within the scope of the *Workers Compensation Act* but are not payable because they are not work-related.

Rejected claims are those that do not fall within the scope of the Act: claims from workers employed in industries not covered under the Act, claims from self-employed workers without optional protection, accounts from physicians submitted in error to the Board.

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Includes Prevention inspection reports written under both the *Workers Compensation Act* and the *Workplace Act*, and since 1994 is the number of inspections conducted. In 1993 and earlier years, multiple inspection reports were often issued after a single inspection.

Worksite activities include Regional Services Field Officers staff time spent on inspections, education, and consultation with workers and other industry worker services. In 1999, certification hours are included in the total (20,083 hours) and the source of the information is the Prevention Firm File system. Previous year totals do not include certification hours and were obtained from the Prevention Time and Activity Reporting System (TARS).

Inflation is the change in the All Canada CPI from the preceding October to the current October value, reflecting the indexation of injured worker benefits.

The above amounts have been restated reflecting the retroactive effects of changes in accounting policies.

fairness
FOCUS

Fairness of Access to Services means equitable and appropriate availability of services, [illegible] and accommodation of needs for all [illegible] regardless of gender, language, age, [illegible] economic status, geographic location or impairment

Policy and Regulation Development Bureau

Created in 1995, the WCB Policy and Regulation Development Bureau advises the Panel of Administrators on policy and regulation development matters touching all aspects of the Board's mandate. Since the appointment of a full-time Director General in 1998, the Bureau's work capacity and scope of activity has increased significantly.

Stakeholder input is an integral part of the policy and regulation development process from beginning to end. To develop options and solutions that incorporate the views of stakeholders, the Bureau established three advisory committees: the Policy Development Consultative Committee, the Occupational Disease Advisory Committee, and the Health and Safety Advisory Committee. These committees are composed of employer and worker representatives and chaired by the Director General.

Policy Development Consultative Committee (PDCC)

The PDCC was formed in 1994. This committee's primary function is to provide advice on the need and process for public consultation that may impact policy priorities. The committee advises the Bureau on its view on the priority of policy issues, and the most appropriate method for wider community consultation.

Occupational Disease Advisory Committee (ODAC)

The ODAC was established in 1998 to advise the Bureau on policy issues relating to occupational diseases. The initial mandate of the committee was to provide advice to the Bureau in reviewing six Schedule B items, which were identified as requiring review by the former Board of Governors. Schedule B is listing of occupational diseases and associated work processes or industries for which a presumption of work causation can be granted. The Panel has approved revised Schedule B and policy language for five of the six items identified for review. The last item is expected to be completed in 2000. Once work on this last item is finished, the committee will continue to provide advice to the Bureau regarding ongoing and emerging occupational disease issues.

Health and Safety Advisory Committee (HSAC)

The HSAC was created in 1999 to assist the Bureau in its ongoing review of the *Occupational Health and Safety Regulation*. A process for updating the Regulation every five years was established in 1999, using feedback from more than 400 workers and employers. HSAC, together with specialty committees on industry- and hazard-specific topics, review the Regulation on a part-by-part basis and provide advice and recommendations for drafting new or modified requirements.

Twenty-seven policy issues were resolved in 1999 in consultation with stakeholders. Some of these policy issues involved the implementation of Part 3 of the *Occupational Health and Safety Amendment Act*, employer remittance requirements, pension benefits for loss of visual acuity, implementation of the new classification and experience rating systems, compensation benefits and incarceration, assessment penalties, and payment of foster parent benefits. In addition to the policy issues, the Bureau took the lead in the Board's analysis of the policy recommendations contained in the Royal Commission's 1999 report.

The Bureau's level of activity is expected to increase over the coming year as the Board and its stakeholders continue to work together to ensure that WCB policy meets their needs while remaining consistent with the spirit and intent of workers' compensation legislation in B.C.

Appeal Division

The Appeal Division experienced significant developments in 1999, including changes in our composition, jurisdiction in occupational safety and health matters, and policies governing public access to our decisions.

The Appeal Division issued 2,020 decisions in 1999, close to our record of 2,035 decisions issued in 1998. The largest single category of decisions in 1999 concerned appeals from review board findings (1,374 out of the 2,020 decisions). New appeals of review board findings received by the Appeal Division decreased seven percent during 1999, but there were increases in other areas, including section 11 applications and assessment appeals. In fact, the Appeal Division received 10 percent more new matters in 1999 than our previously most active year (5,249 in 1999, as compared to 4,764 in 1998). However, 2,967 of these new matters involved appeals seeking relief of costs under section 39(1)(e), the vast majority of which tend to be withdrawn after the employer obtains file disclosure.

Maureen Nicholls, our chief appeal commissioner since 1996, accepted a new appointment as Commissioner of the Public Service Employee Relations Commission. The Appeal Division greatly benefited from her leadership. She left the Appeal Division a better tribunal, having initiated a strategic planning process which resulted in the *Hallmarks of Quality Decisions* (15 W.C.R. 111), and the *Code of Conduct for Appeal Commissioners* (15 W.C.R. 113).

Maureen also committed the Appeal Division to make recommendations to the Panel of Administrators respecting mechanisms to provide greater access to unpublished Appeal Division decisions.

October 1, 1999 marked the coming into force of Bill 14, the *Workers Compensation Amendment Act*, containing significantly expanded appeal rights to the Appeal Division in occupational health and safety matters. A practice and procedure directive was issued on October 1, 1999 (*Decision No. 27*), to assist parties in the appeal process. The directive is on the WCB WorkSafe Online web site.

The Panel of Administrators issued a resolution on November 19, 1999 authorizing the Appeal Division to issue decisions in a publicly accessible form. In December 1999, guidelines were issued (*Decision No. 29*) for writing decisions without identifiers. All decisions as of January 1, 2000 are written in a format that can be posted to the WCB WorkSafe Online web site. Work is in progress toward establishing the web site with a search engine, to allow public access to all Appeal Division decisions since January 1, 2000.

When the web site is fully functional and all decisions from January 1, 2000 are posted, further consideration will be given to editing for privacy approximately 15,000 past Appeal Division decisions from 1991 to 1999 for public view. This new approach represents a major development for the workers' compensation system, which will enhance the openness and accountability of the appeal process.

Public access to Appeal Division decisions is an initiative that stems from a recommendation of the Royal Commission. As steps for implementation are well underway, an objective of the Appeal Division for 2000 will be to further review the recommendations of the Royal Commission to identify matters where the Appeal Division can take action.

The work of the Appeal Division is accomplished through the efforts of all its members, who demonstrate an ongoing commitment to serve with diligence and integrity in fulfilling their many responsibilities.

Medical Review Panel

Medical Review Panels exist because workers and employers have the right to request a medical examination by a panel of three community-based physicians if they disagree with the medical conclusions of a WCB officer, the Review Board, or the Appeal Division.

Each Medical Review Panel must review the records of the WCB and examine the worker. A panel is made up of a physician as chair, a specialist nominated by the worker, and a specialist nominated by the employer. The Medical Review Panel issues a medical certificate containing conclusive and binding medical decisions.

Under the direction of the Registrar, the Medical Review Panel Department performs administrative duties mandated by the Workers Compensation Act and provides administrative support and training to the independent physicians who serve on Medical Review Panels.

During 1999, the department received 486 complete applications. A total of 74 percent of these applications met statutory requirements to proceed to a Medical Review Panel examination. This compares to 492 complete applications in 1998, of which 79 percent met statutory requirements.

About 60 percent of applications framed a dispute with an Appeal Division decision, 20 percent with a decision of a Claims Adjudicator, and 15 percent with a Review Board finding. This is consistent with previous years, and reflects the practice of most workers to exhaust their rights of appeal to the Review Board and the Appeal Division before requesting access to a Medical Review Panel examination.

During 1999, 435 Medical Review Panels examined 405 workers. This is higher than in 1998 when 409 Medical Review Panels examined 382 workers. Some workers with multiple problems were examined by more than one Medical Review Panel.

The majority of the Medical Review Panels in 1999 dealt with the area of orthopedic surgery (56 percent). Strains and sprains continued to account for the largest number of medical disputes (20 percent), followed by degeneration (10 percent), carpal tunnel syndrome (9 percent), disc problems (8 percent), and chronic pain syndrome (7 percent).

In 1999, 51 percent of panels confirmed or partially confirmed a decision of a WCB officer, the Appeal Division, or the Review Board. The confirmation rate is lower than confirmation rates of 57 percent in 1998 and 61 percent in 1997.

There have been more than 400 Medical Review Panels held in each of the past three years. This consistently high level of activity has resulted in a significant reduction in appeal processing time and in the number of appellants awaiting decisions. The median appeal processing time was 10.8 months in 1999. This compares to appeal processing times of 14.1 months in 1998 and 19.8 months in 1997.

At the end of 1999, there were 333 independent specialists serving on Medical Review Panels in 24 medical specialties.

In June, the Lieutenant Governor in Council added new and relevant medical expertise by appointing eight new chairs. These appointments have increased the number of chairs to 17 physicians. All chairs are now appointed for five-year renewable terms, and must successfully comply with measured administrative performance standards. This is consistent with the recommendations of the recent Royal Commission.

Our efforts in the year 2000 will focus on maintaining high activity levels, reducing appeal processing time, and achieving consistently high quality delivery of Medical Review Panels to British Columbian workers and employers.

WCB Ombudsman

The WCB Ombudsman Office completed its third year of operation in 1999. An advocate for fair practice and process, the WCB Ombudsman answers inquiries and complaints of alleged unfairness concerning a decision or recommendation made, an act done or omitted, or a procedure, practice, or regulation used by the WCB.

In 1999, the Ombudsman Office opened a total of 1,637 cases, including 29 re-openings, for a 25 percent increase from the 1,307 cases opened in 1998. Workers made up 61 percent of all inquiries and complaints.

Part of the volume increase is due to the Office's higher profile in the employer and worker communities. Outreach efforts with these communities have increased our stakeholders' understanding of the services we provide and, we believe, our case volume. Substantial change in the WCB's services and systems — and related stakeholder inquiries — also contributed to the increase: 449, or 27 percent, of all 1999 cases involved inquiries, up 70 percent from 1998.

Despite the increase in case volume, the average duration for resolving cases decreased four days to 18.7 days in 1999. We achieved this decrease by hiring an additional employee and implementing a new system for prioritizing cases and ensuring issues are addressed in a timely manner. However 246 cases, up from 89 in 1998, remained opened at the end of 1999, indicating we will have to do more to address case volume in the coming year.

The best way to address intake volume is to lower the number of incoming cases. The WCB Ombudsman Office is in a unique position to help in that regard. In 1999, we began work with WCB divisions on key issues relevant to their lines of business.

In 1999, cases categorized by division are as follows:

Division	New Cases Opened	Percent
Compensation Services	1,240	75.74%
General	177	10.81%
Appeals	92	5.62%
Assessments	64	3.90%
Prevention	33	2.01%
Executive	2	0.12%
Re-openings	29	1.78%
Total categories	**1,637**	

Compensation Services accounts for more than three-quarters of the Office's case volume. To help the division address issues and, ultimately, reduce the number of cases related to its operation, we began meeting monthly with the division's directors in 1999. These meetings will help ensure that service issues and emerging complaint trends will be resolved sooner rather than later.

Also in 1999, the WCB Ombudsman Office made operational changes in response to the provincial Ombudsman's Public Report #37 submitted earlier in the year. On the report's recommendation, we began regular meetings with the WCB Panel of Administrators to advise on complaint trends, and we implemented new tracking and follow-up systems to ensure more efficient handling of our caseload.

Our primary focus in 2000 will be to respond to all inquiries and complaints in a timely and thorough manner. A key objective is to enshrine in policy the Office's core administrative and governance practices, including the Office's mandate and jurisdiction, and the selection and appointment of incumbents.

Panel of Administrators

Don Cott, Chair

George Heyman, *President,*
BC Government and Service Employees' Union

Valerie Mitchell, *Deputy Minister,*
Ministry of Community Development, Co-operatives and Volunteers

Eric Mitterndorfer, *Past President, Pulp and Paper Employee Relations Forum*

Wolfgang Zimmermann, *Executive Director,*
National Institute of Disability Management and Research

Senior Executive

Ralph McGinn, President and Chief Executive Officer

David Anderson, Vice President, Rehabilitation and Compensation Services

Vaughan Bowser, Vice-President, Human Resources

Roberta Ellis, Vice-President, Prevention Services

Sid Fattedad, Vice-President, Finance and Information Services

Ed Bates, General Counsel and Secretary to the WCB

Direct Reports to the Panel

Louise Logan, *Director General, Policy and Regulation Development Bureau*

Herb Morton, *Acting Chief Appeal Commissioner, Appeal Division*

Leigh Sheardown, *Registrar, Medical Review Panel Department*

Mandate of the WCB

The *Workers Compensation Act* empowers the WCB to set and enforce occupational safety and health standards, provide compensation and rehabilitation to injured workers or their dependants, and collect funds from businesses to operate the workers' compensation system.

The WCB, which serves about 165,000 employers and 1.8 million workers in B.C., is dedicated to:

- Preventing workplace injuries, diseases, and fatalities
- Rehabilitating injured workers and returning them to productive, safe employment
- Providing fair compensation for workers suffering from an occupational disease or injury
- Providing sound financial management for a viable workers' compensation system
- Protecting the public interest

Details of the Medical Review Panel and the Appeal Division 1999 activities are published in the *British Columbia Workers' Compensation Reporter*, and will be available on the WCB WorkSafe Online web site at *www.worksafebc.com*.

To order

For an electronic copy of the 1999 Workers' Compensation Annual Report, visit our website at **www.worksafebc.com**. If a printed copy is necessary, write or call:

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